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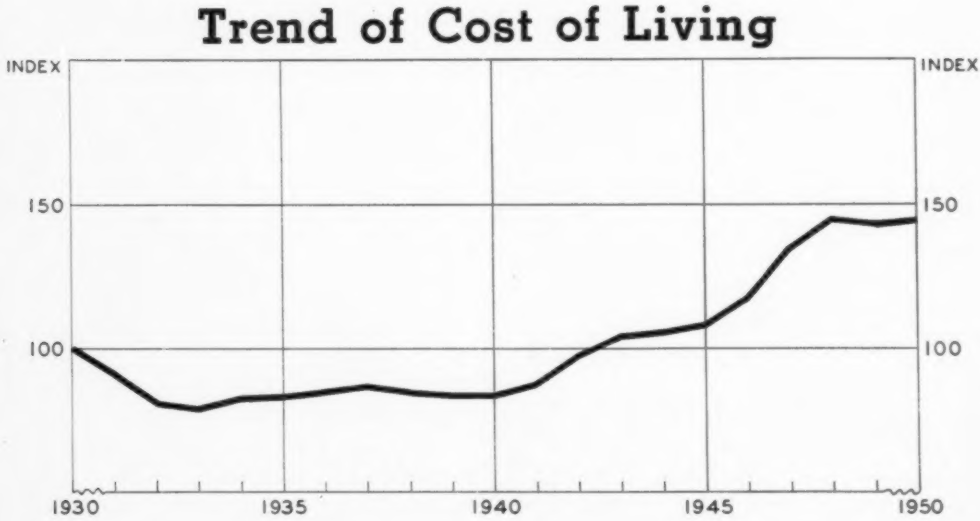
Credit World

MARCH 1951



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- **Credit Women's Breakfast Clubs of North America**

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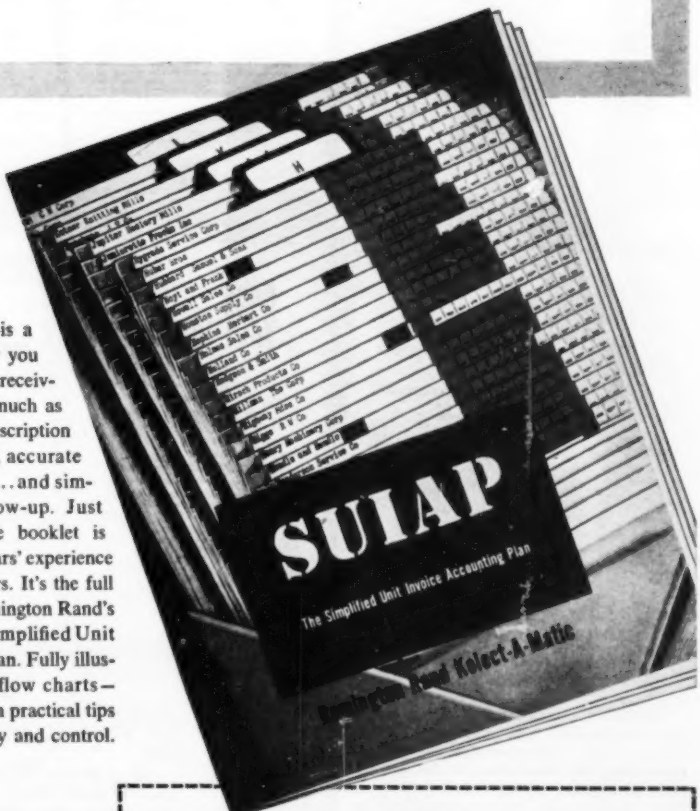

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THERE IS abundant evidence to prove that credit advertising does pay. Scores of cities throughout the country have demonstrated the power of publicity in educating the consumer to the importance of paying bills promptly. It is a well-known fact that collection percentages show a marked increase after a "Pay Promptly" newspaper campaign.

The N.R.C.A. has prepared an illustrated portfolio showing in detail the series of tested newspaper ads that have achieved spectacular results. You are cordially invited to send for this portfolio which will be gladly forwarded without cost.

After you have studied it and decided upon a campaign for your community, tell us and the mats, all ready to hand to your newspaper, will be mailed to you. The cost is purposely low in order to encourage sale.

For a modest investment in newspaper space, the story of good credit can be dramatically presented in your community. Every merchant, professional man, and all who grant credit will benefit through the clearer understanding of the proper use of credit.

Credit Bureau Managers and leading Credit Executives are urged to take the initiative in bringing to the attention of the local credit granters the importance of starting a "Pay Promptly" newspaper campaign. SEND FOR YOUR PORTFOLIO TODAY.

NATIONAL RETAIL CREDIT ASSOCIATION

SHELL BUILDING **ST. LOUIS 3, MISSOURI**

Be a Good Brick, *BUY A BRICK, TODAY!*

The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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Credit clerk locates customer's file—presses a button that operates the Kellogg Perforator in the selling section. This action takes place in the presence of complete records—eliminates guesswork.

The entire transaction takes just a few seconds—is error-proof. There's no guess work, no annoying questions. Sales people have more time for selling.

Write Dept. 14-C for free booklet on credit authorizing methods.

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Editorial COMMENT

Make it Chicago, In June

THE 37TH ANNUAL International Consumer Credit Conference of the National Retail Credit Association, the Credit Women's Clubs of North America and the Associated Credit Bureaus of America, to be held at The Stevens Hotel, Chicago, Illinois, June 25, 26, 27 and 28, is only three months away.

Committees and Boards of Directors of the various organizations will meet on Monday morning, June 25. That afternoon, from 2:30 to 5:00, there will be a Credit Forum, participated in by all members. Many questions of general interest, prepared in advance, will be answered by leaders in their respective fields. Members are urged to send to the National Office questions for discussion.

The morning sessions on Tuesday, Wednesday and Thursday will prove interesting and enlightening. In addition to outstanding speakers there will be panel discussions covering all phases of retail credit, collections, sales promotions and Credit Bureau operations.

Credit department operating costs and the importance of controlling such expenses will be considered from all angles.

The following lines of business will be represented at group meetings on Tuesday, Wednesday and Thursday afternoons:

Banking and Finance—O. W. Frieberg, Chairman, American Trust Company, San Francisco, California.

Dairy and Baking—Wilson C. Fox, Chairman, Babcock Dairy, Toledo, Ohio.

Department, Apparel and Shoe Stores—Howard A. Clarke, Chairman, Boggs & Buhl, Pittsburgh, Pennsylvania.

Furniture, Musical Instruments and Electrical Appliances—Wm. F. Streeter, Chairman, Boutells, Minneapolis, Minnesota.

Hospital and Professional—L. S. Doyle, Chairman, Johnson Clinic, Galesburg, Illinois.

Ice, Coal, Fuel Oil, Hardware, Building Materials and Food Dealers—A. J. Franz, Chairman, A. M. & J. Solari, Ltd., New Orleans, Louisiana.

Jewelry—Marie Nugent, Chairman, Olson Jewelry, Fort Dodge, Iowa.

Newspapers and Publishers—Asa Schenck, Chairman, The Oklahoma Publishing Co., Oklahoma City, Oklahoma.

Petroleum—H. M. Barrentine, Chairman, Skelly Oil Company, Kansas City, Missouri.

Public Utilities—Russell B. Mitchell, Chairman, Peoples Gas Light & Coke Company, Chicago, Illinois.

The discussions of present-day problems and subjects affecting the credit granter and the credit bureau manager will be informative and constructive.

Attendance at all meetings, visits to the educational exhibits and the interchange of ideas with credit executives and credit bureau managers will pay real dividends. Benefits cannot be measured in dollars and cents.

You should attend what will prove an outstanding credit conference. Make your reservation NOW!

L. S. Crowder

General Manager-Treasurer

Credit Management

Why, What and Whither?

E. P. SIMMONS, *General Credit Manager*
Magnolia Petroleum Company, Dallas, Texas

AS WE TABULATE and study our credit results of 1950, while planning and looking ahead for 1951 activities, it may prove interesting to re-state some things we know of past and present credit management, and then do a little conjecturing on our future place in the scheme of things. I would like to discuss the subject of "Credit Management: Why, What, and Whither," or, in other words, why is credit essential to our economy, what is good credit management today, and where is it headed for the future? I am not presumptious enough to believe I can tell credit executives anything you do not already know about any phase of this subject. If, by a different approach to an old problem, or through stating in different words an old thought, your interest can be stimulated anew or your thinking be challenged to further pursuit of an idea, I will be more than gratified.

Our entire economy is made up of corporations, partnerships, single proprietors, and individuals all selling goods, services, or both to some other corporation, partnership, proprietor or individual. The producers of raw materials, the processors of raw materials into finished products, and the buyers of those finished products for resale to the ultimate consumers, are, with those consumers, all woven into a complex local, national, and international thing we call economy. Every individual, and every sort of business, producing, transporting, processing, selling, and financing, is an integral, inseparable part of the whole.

All of these purchases and sales of materials, products, and employees' time add up, in this country, to the staggering sum of over $270 billion per year. Bringing it a little closer to our interests, consumers, there are in this country 49 million families and 151 million persons who will have, from business profits and personal wages, the sum of $196 billion left over, after paying Uncle Sam, as spendable income over the year.

How Do We Spend Our Money?

For what will this fabulous sum be used? To obtain all the things these 151 million different people need or want. Those wants are countless in number and variety: abalone filets to azalea bushes, dog biscuit to diaphanous negligees, face powder to furniture, TV sets to false teeth, wonder drugs to wood for the fireplace and every other item obtainable.

But this $196 billion is not available all at one time. It reaches the bank accounts and pocketbooks of these millions over a year's period, in weekly, semi-weekly or monthly wages, in quarterly dividends, in seasonal rentals and in various other regular and irregular installments, and sums. The time of needing or wanting something, therefore, is not always when the buyer has the money available, or the cost is more than he is likely to have in available cash at one time. If he can buy what he wants now when he does not have the cash, and pay for it later when he does, more sales result.

Credit, therefore, sells far more goods to far more people, than could possibly be accomplished under a strictly cash sales policy. For example, more than half of all durable goods sold are on installment term basis, and most of the remaining 50 per cent are on shorter credit terms. Consumer credit accounts alone, installment and shorter term, now total nearly $22 billion. It seems reasonable to assume that a lot of the sales involved in this huge sum would not have been made had credit not been extended. If that is correct, and there is every evidence it is, just imagine how important credit, just at consumer level alone, really is to today's economy!

Restocking Starts a Chain Reaction

When the countless items making up these sales moved out of store counters, floors, shelves, and bins, the replacement orders for restocking started a chain reaction which was endless, and which created far more aggregate wealth than the 22 billion end product consumer sales. Jobber and importer suppliers placed orders with manufacturers, who ordered from processors, who ordered from raw material sellers, who ordered from original producers, who produced more. All the way, transporters, utility companies, financial and other service institutions shared in these activities. They all had to buy items unrelated to the finished products but essential to the activities incident to the cycle.

Every step involved the use of employees who, with original producers, all received money, with which to rate more credit, to buy more goods, to start these cycles all over again. Not even an estimate of the total dollar volume of business created by the sale and replacement in inventory of this 22 billion can be made, and it is only that portion of consumer credit purchases still in outstanding receivables. Retail credit alone starts all of these activities, but at every stage, from raw materials producer to retailer, other credit makes such activities possible. Financial credit to producers, processors, and others for operating costs, and extension of credit for various purchases at every stage make that steady flow a reality.

Credit is important in creating things to sell, and in increasing their sales flow thereafter. Of these is born

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the third way that good credit management is of value. Credit sales of products and services create receivables which in turn become another source of either profit, or loss, in creditor's year end results, depending upon when and how these ledger accounts become cash in the bank.

Good credit management adds to profits at both ends of these receivables, in putting them on the books to increase sales volume, and in getting them off to provide operating capital which reduces borrowings. The credit manager helps accomplish both, in four main ways:

1. By getting the largest possible volume of his today's sales potential through the judicious extension of credit;
2. By building today for tomorrow's maximum sales volume by the way he treats all present and potential customers;
3. By making available to his company the necessary cash operating capital through receivables turnover; and
4. By adding to his company's profits by the quickest receivable turnover, and the lowest bad debt loss commensurate with the volume, markup, and other factors of the company's operations.

Credit Executive Important to Volume and Profit

Let us analyze these four statements a little, and see if the credit executive is, or can be, that important to business volume and profit.

1. How does he get the greatest possible share of profitable sales for his company by extending credit? It is quite obvious that if he let everyone who wanted credit have all the credit they wanted, sales volume would soon climb rapidly, and almost vertically, on his sales manager's chart. But it is also equally certain that the delinquency and loss percentages would climb at an even faster rate. But suppose he went to the other extreme and approved credit only for AAA1 risks, i.e., wealthy people with long established prompt pay habits. There would be microscopic past due and loss percentages, if any at all, but sales volume would wither his company into bankruptcy. Either way, disaster, but that is where the good credit executive functions. Of his professional experience, knowledge, and abilities, and with a thorough acquaintance of his company's objectives, policies, and plans, a good credit manager can and does take on his full share of credit approvals and sales, with past due and loss percentages satisfactory.
2. The credit manager builds today for tomorrow's sales by the way he treats all present and potential customers. Who are they? For all practical purposes, every single person with whom he comes in contact, anytime, anywhere, and by whatever means. How should credit folks treat everyone? Just as they would like to be treated were positions reversed, and this is, or should be, the same thing, just like they would act if they owned the business and these people's purchases, with the resulting profits, were theirs. There are no substitutes for fairness, courtesy, sympathetic understanding, and human friendliness. When credit people apply, sincerely, these basic rules in dealing with a fellow whose credit is declined as well as with a gilt-edged risk, to the delinquent as well as the prompt payer, to the unreasonable and contentious as well as the pleasant and agreeable, and to all people with whom they come in contact, they will build more good-will, for company, department, and selves than would seem possible.
3. How does the credit manager supply needed cash operating capital through turnover of receivables, and how important is that to his company's operations and profits? Business has to have cash for salaries, rent, utilities, taxes and other operating costs, and must, at some time, pay for merchandise, even when bought on credit. Where does it get that money? From cash sales made to its customers, from collecting its receivables resulting from sales made on credit, and by borrowing money in one way or another. Borrowed money costs interest. Even high grade bonds now cost the issuing companies an average of 2.66 per cent, and prime commercial paper on 4 to 6 months' repayment basis now bears a 1.75 per cent rate. If borrowing is unnecessary because cash is available when needed, this 1.75 or 2.66 per cent is just that much more net profit, retained in the business. Of course payment of accounts provide some of that cash, and $22 billion in accounts will be a lot of cash, when they are all paid. But the quicker the payment the sooner, and the longer, the creditors will have the use of that money, which means more profits because of less borrowing, more cash discounts taken, and more turnovers of existing capital. Money is worth *more* to business than any rates of interest it pays, otherwise it could not afford to borrow it. But using the rates we just mentioned, had you ever stopped to think what the cost to business is, in being out the use of the money they have tied up in receivables? In carrying the $22 billion in consumer accounts the creditors' *monthly* loss through not having the use of that much cash is over 31 million at 1.75 per cent annual rate, and nearly $49 million at 2.66 per cent per year. That is every month, not per year! Good credit management has a real responsibility in lopping off every single day's delinquency, when each day longer consumer receivables remain unpaid it costs business from $1 to $1.6 million. That is another real challenge to our ingenuity, adding some of that profit to our companies' balance sheets, while still retaining the goodwill which builds tomorrow's sales volume.

Satisfactory Bad Debt Loss Ratio

4. Finally, the credit manager further adds to his company's volume and profits by maintaining a satisfactory bad debt loss ratio. This the credit executive accomplishes in several ways:
   a. By sound credit analysis and approval of applications;
   b. By promptly catching the first danger signals of an account approaching a distressed condition;
   c. By collection effort intelligently directed, properly timed, and fitted to the specific customer and account;
   d. By the same kind of follow-up, all designed to get the money from that particular person in the shortest time possible, while making every practical effort to retain his good will; and
   e. When all else has failed, by his ingenuity in avoiding ultimate bad debt loss.

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But again from application to charge off, and after, there are still no substitutes for fairness, courtesy, and sympathetic human understanding and friendliness. A credit manager can be all of this and still be firm and positive, when necessary.

Is *good* credit management essential to our economy and to our companies? Even the most rabid anti-credit-department salesman, or saleswoman would have to answer yes to that question if they knew that *good* credit management contributes continuously and very materially to making those sales jobs possible by helping: to get maximum sales today, tomorrow, and next year; to supply the company with operating cash; and to increase the company's profits and security.

Credit people are important in the economic scheme of things and can be of increasing value, with that value recognized more and more as time goes by, if they want those things, enough to work consistently, and intelligently, toward that end. What is the main objective? Good credit management, because with it comes recognition and all of the other attainments we in the credit profession want.

We stated that everyone's income in this country stemmed somewhere from sales of commodities, services, or both. We also stated that a large proportion of these sales were on, and made possible by credit. If those two statements are true, then those people who are responsible for credit are the real hub around which our economy revolves, and in the business world as we immediately view it, those people are credit management.

What is credit management? Management means guidance, direction, control. Credit, as we are concerned with it here, means delivering goods to customer today upon his expressed or implied promise to pay tomorrow. Bringing it down to us, as a large part of our respective companies' sales are on credit, good management of that credit means the guiding, directing, and controlling of a material part of our companies' business in such a way as to accomplish the three major aims: obtaining the maximum in sales volume, with the quickest practical receivable turnover, at a reasonable minimum in bad debt loss, or, in short, to increase, and retain the maximum in profits for our companies.

Credit Manager Must be Five Things

In speaking of the essential part credit management plays in our economy, we mentioned that sales are increased and profits are maintained by experienced credit appraisals, good public relations, and intelligent collection effort. To accomplish these things requires good credit management, and to be that, a credit manager *must* be five major things:

First, last, and all the time, a good American, if necessary a militant protector of everything it stands for.

Second, a good company man knowing and being loyal to his organization, purpose, plans, objectives, and policies.

Third, a good staff member able and willing to contribute to the over-all planning and policy making, and to adapt his credit programs and activities to round out and synchronize with the whole.

Fourth, a good department head, his leadership capable, intelligent, constructive, positive, and human; his assistance, training, counsel, and advice to subordinates on the friendly and understanding basis of colleague and co-worker, and

Fifth, a good will ambassador, for his company and his department, in all relations and contacts.

To fill all five of these big jobs, American, company man, staff member, department head, and good will ambassador, a credit executive needs many abilities and attributes, five of which seem fundamental. They are:

Character—fairness, dependability, modesty, good habits.

Personality—pleasing in appearance, voice, manner and taste; courteous and tactful.

Intelligence—perception, memory, analytical ability, imagination, ingenuity.

Knowledge—English, accounting, economics, commercial law, psychology, credit principles and practices, finance, business organization, operation and administration.

Ability—to listen and learn, be articulate; plan, execute, administer; perceive, analyze, weigh, and decide correctly; teach, convince, cooperate; like and get along with people.

A credit manager with these five fundamental qualifications need have no qualms over his ability to fill capably the five jobs just mentioned, nor of contributing materially to the success of his company, and to aiding in some degree this sales economy of ours, because he will be salesminded, but not to the unsound point of jeopardizing his company's profits; and find ways to sell the maximum volume—but with a minimum of delinquency and of credit loss ratios; be a stabilizer neither underselling nor overselling his accounts to insure sound, profitable, and permanent volume; be ingenious, versatile and flexible in his collection efforts—for a maximum of good will with a minimum of delinquency and loss; be aware of, and understand, conditions and trends in individual accounts and of general nature, and be both elastic and wise enough to meet them properly; and be a good public relations man, a capable employee, a human co-worker, a good citizen, and an asset to the credit profession.

WRITE FOR LOW-COST TEST-PLAN

25th success-year with Sears, Roebuck; Jordan Marsh; May Co.; and other top stores, large and small.

For ace Akron store, our unique mdse.-fashion approach opened

11,000 NEW ACTIVE ACCTS.

for **50¢** each

3000 New Accts. opened for Goerke's, N. J. bought during the first year alone **$301,000**

WE REVIVE 50% to 70% INACTIVES

3725 (50%) Inactives in famed Texas store bought within six months, at ½% cost **$241,000**

Yes! Compare with any other way!

LESTER **brozman** AND CO.

160 FIFTH AVENUE, N. Y. C. 10

To have all of these attributes and acquire all of the knowledge for being all of these things and playing all of the roles involved in credit management is, indeed, a big order for one credit executive to fill. For one man to attain the nth degree of perfection in all of these things is highly improbable because one lifetime would be too short. But we are unlikely to go any farther than the goals we set for ourselves, so let us set them at the top. It is much better to seek perfection and fall far short, than to strive only for something of much lesser challenge and value. Gaining altitude in our profession may not be as difficult as we think, if we work at it, and how good we are as credit managers today is of less importance than what we will be, and do, in and for the future.

Where Are We Going and Why?

What of our own credit management, and of the credit profession tomorrow, next year, and the years beyond that? Where are we going, and why? I sincerely believe that where, how fast, and how far both go depends upon the direction and impetus we give them now, and the kind and volume of the effort with which we sustain the drive toward our goals. Our goals are two—first, and most important to each of us now, to become as valuable to our respective companies as possible through maximum efficiency; second, and most important to our successors, and business in general, to build the importance and prestige of the credit profession, and gain the recognition it should merit. Doing the first is a good start on, and will partially accomplish, the second.

CREDIT MANAGERS TEACH US SOMETHING *NEW* EVERY WEEK!

★ A midwestern specialty store wants a collection letter to layaway customers.

★ A large southern department store offers coupon-books by mail.

★ A leading New York store opens a suburban branch and solicits new charge accounts.

They choose Reply-O Letter because it's PERSONAL, because it's FRIENDLY, because it's EASY TO ANSWER. And they get good results every time!

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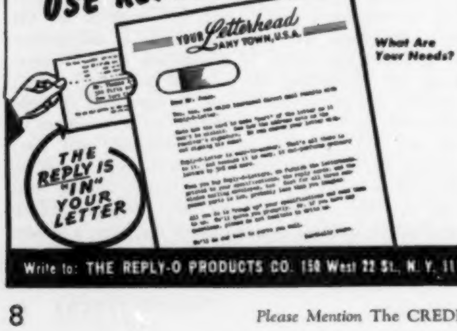

What Are Your Needs?

Write to: THE REPLY-O PRODUCTS CO. 150 West 22 St., N. Y. 11

To increase the present value of our credit departments to our companies, through maximum efficiency, requires five major things—all of which we can do. They are to:

1. Develop our own knowledge, abilities, efficiency and value in every way, and to the greatest degree possible;
2. Train and develop our successors into better credit executives than we are;
3. Give all other credit personnel a better understanding of what credit is and does, and the functional part it plays in our campany and in the over-all picture;
4. Teach all credit people to believe in, have respect for, and be proud of their jobs, department, company, their town, state, and country, with strong loyalties to all; and
5. Do the best job as credit executives, and as a credit department we are capable of doing, all the time.

Our Country the Greatest in All History

But, suppose we are most important to today's economy, do become increasingly valuable to our companies, do discharge all responsibilities capably, and constantly improve our own and department's efficiency, and do build well the credit profession of the future, we will have accomplished nothing, and all of our efforts, and of those before us, will be worthless and in vain unless we—with all other loyal Americans—have successfully fought for and kept intact, all of the things which made our country the greatest in all history! We want to build better credit management, better economy, a better country. They all live or die, together. What we have had were born, nurtured, and flourished under a government of, by, and for the people, which gave the same rights to all individuals alike, and the same privileges to all business, big or little, with the best interest of the whole country always paramount.

There are today, people in high places and low, within our ranks and out, citizens and aliens, who seek to destroy our economy and with it everything we hold dear. Some of them are prompted by warped minds, others from lack of knowledge and understanding, still others from the unholy desire for unearned wealth, self-aggrandizement, or power, regardless of cost to others, or our country. Do we want to lose our rights and freedoms, or those of others, as individuals? Do we want our companies, and all other businesses, big or little, new or old, to lose all of their rights now almost identical with those of individuals?

As Credit People, We Are too Modest

As credit people, we are too modest, as citizens too complaisant. If our profession, our companies, and our economy are worth-while—let us be proud of them, sell them to others, build them greater, and defend them vigorously. If our country, what it stands for, and the things which made it the greatest nation in all history—if these things are worth having, let us be proud to be an American, sell Americanism to everyone, build ever for an even greater and better America, and defend it in our thinking, with our voices and pens, by our intelligent election and direction of the people who guide its destiny and, if need be, with the last penny and the last drop of blood we have! ★★★

Credit Under Regimentation

SYD J. HUGHES, *Vice President*, Industrial Bank of Commerce, New York, New York

TO UNDERSTAND what can happen to us under a planned and regimented economy—a planning separate and distinct from our prosecution of preparations for war—it is sometimes necessary to apply a little historical research to the origin of measures which might otherwise become permanent law under the incitement of the patriotic impulse. During 1939, 1940 and 1941 when the so-called Regulation W for the control of Consumer Credit incubated and materialized under rather peculiar circumstances, I made a number of trips to Washington both before and after its promulgation. A few days after its "authorization" originally appeared in the form of a Presidential Executive Order based on the "Trading With the Enemy Act of 1917" (a tortuous rendition), I was present at a discussion with the economist designated by the Federal Reserve Board to administer the regulation.

In the presence of several associates this economist said, "We don't know what this is all about. If I had my way this consumer credit thing would be over at Treasury, or some other department—any other department but here. We will have to depend largely on the counsel of somebody else."

Frankly, without going into detail here, the whole subject was inspired by the selfish interests of one segment of the consumer credit field in an abortive effort to hitchhike on the pending national emergency of World War II. Except for one period of six months, the Board did not have a single adviser or member with impartial and diversified consumer credit experience. Wartime control of consumer credit was nonsensical when viewed from a practical perspective. Allocations, priorities and rationing effectively restricted the use of raw materials for domestic products. We had control of credit to regulate the consumption of something that did not exist.

But certain government officials had tasted the potent brew of control, control of the intimate affairs of 30,000,000 families, control of a socially important segment of the functions of production, distribution, merchandising, banking and consumption. Only last year, a Governor of the Federal Reserve Board said to me in the presence of five associates: "Consumer Credit was largely responsible for the depression of 1929." I asked him the source of his statistical information and he had to hurry away. No mention of the colossal losses in stock market equities, the collapse of agricultural values, the panic of industrial and business unemployment, and the evaporation of foreign trade, just the little consumer and his modest credits.

Actually the only reliable consumer credit statistical data of that depression period is the recorded experience of those banks, firms and corporations specializing in consumer credit. Those records show a loss ratio for the consumer credit banks, for instance, of less than that of State banks, National banks, private banks and Federal Reserve banks. A Governor of the Federal Reserve Board said he was not interested in these loss ratios.

This capsule history of Regulation W has been prompted by constant efforts to write into *permanent* law this meddlesome, unwarranted interference with the family affairs of the American people. The economists revel in their charts and graphs and tables and speak of "spending units" as though the people of this country were so many digits, ciphers and decimal points. A Governor of the Reserve Board stated that consumer credit should be "tightened up" in good times and "relaxed" in bad times. I shudder to contemplate the fate of bank management, first at the hands of examining authorities on behalf of depositors and secondly at the hands of stockholders on behalf of their investments, if banks were to "relax" their credits in the face of declining markets and sinking employment.

Even if all of us were to so relax our credit standards, the public generally retrenches on its credit commitments under depressed conditions with the same cautiousness with which it conserves its cash resources. So much for the efficacy of consumer credit as a deflation hedge, a topic once in vogue, rather than the current inflation. At the consumer level, it might be said with accuracy that no two human problems are alike and that if ever flexibility were needed it is in the relationship of the credit vendor and the individual consumer.

Effects of Strait-Jacket Regulation

There is no doubt that strait-jacket regulation does seriously impair the ability of the individual man and woman to work out his or her personal or family financial affairs in a manner adaptable to the highly individualized and personalized needs of each. We have had enough actual previous experience with these efforts to handcuff the individual to some preconceived official theory of credit practice to see in daily operation, the inequities, inconsistencies and even injustices worked upon great numbers of our most solid and substantial citizens.

Our bank has made more than 3,000,000 individual credit transactions for more than $1 billion covering a span of two world wars and two world depressions. However, even without this invaluable background of experience your credit reporting agencies usually have a fairly complete file on the credit exposure of an individual and if the lender goes overboard by permitting the buyer to pyramid his debts with resultant collection complications and repossessions, the lender has nobody to blame but himself. Actually the number of people who plunge recklessly into debt are far in the minority. The average householder is a good business manager. Our bank's losses on all forms of personal credit have been less than one twenty-fifth of one per cent on volume and were lower still on the financing of durable goods such as automobiles and, more recently, on television contracts.

However, Government economists, trained in the skills of dissembling, can draw and fire a chart or a graph with either hand long before the average businessman

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can get his pencil out. Whether wilful or not, the government's methods of interpreting statistics too often have the appearance of emerging heavily loaded with preconceived conclusions. Before Congressional Committees, businessmen without access to several billion dollars worth of tabulating and interpretative talent, often appear to ridiculous disadvantage, and the time allotted to them is so grudgingly meager as to make them appear relatively inarticulate.

Added to this are the battalions of government information experts, or publicity men, or press agents or whatever—who, with the weight and prestige of powerful government agencies behind them, usually can get their product on page one or adjacent thereto, whereas the businessman's rebuttal, if any, lands back among the "why wear a truss" ads. Let us examine an illustration of this. As recently as February 2, under a Washington dateline, the United Press carried the following story: "*Installment credit* jumped $690 million to a total of $20 billion under the impact of Christmas buying, the Federal Reserve Board reported today."

Rise in Charge Accounts and Single Payment Loans

But what do we find some paragraphs down? "The gain was accounted for largely by a 516 million dollar rise in charge accounts and single-payment loans." There it is and that is the way it has been for years. The headlines or lead paragraph say one thing, a little analysis of the figures says something entirely different. If we pull our own slide rule we see that on the basis of the above figures, the gain in so-called instalment credit as reported on February 2, 1950, was actually 75 per cent single payment loans and in charge accounts.

Perhaps you can explain how single payment loans become instalment credit, in the publicly accepted sense. As to charge accounts, some economists in their rarified retreats can even prove they are not credit of any kind. They reason, and you might agree, that the average person with the average charge account is always far ahead of himself in ratio of income to charges. If I am paid twice a month and during each of these periods charge articles to various personal charge accounts, certainly my income at all times is well in excess of the cost of the items charged and when I pay up at the end of the month it could be contended that I have actually been on a *current income basis*.

Anybody whose current monthly charge account exceeds his current monthly pay check is not operating on credit but on charity, oversight or just plain dumb luck. The Federal Reserve Bulletin for December 1950 places total consumer credit outstanding as of October 1950 at $19.3 billion. This is always headlined or interpreted in a manner similar to the United Press story just quoted. But when we make a few simple calculations out of the Federal Reserve Board's own tables appearing in the same issue for December 1950, we find that $7.8 billion of this $19.3 billion was instalment sale credit, amounting actually to only 40 per cent of the total and that non-instalment credit of all kinds amounted to $5.9 billion or 30 per cent of the total.

Of this non-instalment sale credit, $1.2 billion represented single payment loans, $3.7 billion monthly charge accounts and $1 billion service credits, the latter including what you owe your Chinese laundry and your psychiatrist after you finish figuring it out. Yet this non-instalment credit and instalment credit other than that to buy durable goods, are invariably lumped into the total in such a way calculated to cause Benjamin Franklin to do back-flips in his grave.

The Temporary National Committee for Consumer Credit has purchased one of those mechanical brains on the instalment plan and by some computations of its own, finds that, related to personal consumption expenditures for the entire nation, 7.1 per cent was the instalment credit ratio for 1940 but that this ratio had actually dropped to 5.6 per cent in 1950. In 1940 the national personal income figure was placed by the government at $78.3 billion, the amount of personal expenditures at $72.1 billion and the instalment credit portion of this at $5.4 billion or the 7.1 per cent just quoted.

During 1950, personal income rose to $217.1 billion, personal expenditures to $184.5 billion, of which instalment credit amounted to $12.1 billion or the lower 5.6 per cent just quoted for 1950. To pursue these comparative ratios of credit to income just a little longer, if we take the more current consumer spending power at $220 billion, the *controlled* portion of this spending as embodied under Regulation W amounts to less than $1\frac{1}{2}$ per cent. Or to twist the tail one more time, if Regulation W were to reduce the volume of credit by as much as 30 per cent, it would have a restricting affect upon the disposable consumer income of about $\frac{6}{10}$ of one per cent.

In other words when the government interprets its own figures the process is called something like rationalizing the ratiocination of the syllogism, but when a corporation does that it is called just plain "water." Now, what to do about it! During October and November of last year, a group of prominent New York businessmen held a series of informal meetings to discuss the many aspects of consumer credit in its national and local significance. Out of these early discussions, there originated a National Conference on the subject held in New York December 4 and 5, 1950, which was attended by about 150 business executives from throughout the country. Representing production, distribution and finance, the speakers and panel sessions in that organizational conference ranged across the whole broad field of consumer credit, arriving at certain specific conclusions and recommendations.

Objectives Approved by the Conference

The broad objectives approved by the Conference are probably best summarized as follows:

(a) To prevent the imposition of even harsher and possibly more destructive restrictions than those that now prevail under Regulation W.

(b) Continuously to sift and analyze the constant stream of statistics and ex parte statements issued by government officials and other proponents of credit controls, and to correct the questionable conclusions made by them concerning the effect of consumer credit upon the economy as a whole.

(c) To assure that the principle of consumer credit control should not become a fixed concept in our economy and that such controls should be permanently removed upon the termination of the present emergency.

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At no time was it the sense of this Conference that anything be done in a manner under present conditions which could possibly be construed as inimical to public policy. It was also felt that the time was long overdue for the establishment of machinery which would cut across the lines of all production, distribution, finance and labor groups, in order to present a uniform front in the preparation and presentation of consumer studies. Several fact-finding committees were immediately appointed and their primary findings are currently being used for the guidance of a planning and budget Committee.

One of the principal conclusions was the imperative need for Washington representation and a national public relations program which would represent all of our divergent business groups with the single voice of unity, authority and impartial analysis. Although attacks upon the principles, ethics and economic validity of consumer credit have been sustained consistently for more than eleven years by certain government spokesmen, there has not arisen until this time, a coordinated, systematized defense against these unwarranted and often distorted assaults. Aside from the debatable part consumer credit curtailment may play in the present national emergency, the methods adopted in pile driving Regulation W through Congress has undone a large part of the good will and public acceptance of consumer credit so expensively and laboriously achieved by industry and business during the last forty years.

This segment of our national economy, so vital in its contribution to the development of our mass production facilities and our resulting high standard of living, has been and is being stigmatized and vilified by some economic planners as being morally evil as well as economically unsound. These you will recognize as the particular groups in Washington who are primarily concerned with the expansion and perpetuation and aggrandizement of their personal power ambitions to the point of placing this nation in a regimented strait jacket and they have no hesitancy in employing the ghastly arguments of war to further their ends. To oppose them is to risk the impugning of our collective and individual patriotism and this is one of the most difficult obstacles to be confronted when any effort is made to defend our way of life.

A Military Economy of Peace-Time Proportions

The simple fact remains that in the foreseeable future this country must maintain a military economy of unprecedented peace-time proportions alongside a dynamic civilian economy so that the latter by productive capacity, by resourcefulness, by taxation and by spiritual strength may support and make possible the former. It is obvious this cannot be accomplished by the surrender of those things which our warlike preparations are presumed to safeguard and perpetuate. While we all recognize that the declared purposes of Regulation W and its companion, Regulation X, were to restrict the expansion of consumer credit, there is a vast distinction between restriction and destruction.

There is a pressing need for an over-all organization through which the voice of consumer credit can speak. For instance, a survey shows that most banks believe that Regulation W is either unnecessary or its terms too drastic, yet, an important minority favors the Regulation and in this minority we will undoubtedly find many important banks which exercise a potent influence upon Federal Reserve policy and which are perfectly willing to sacrifice consumer credit to Government regimentation, as a bargaining concession. Banks are not alone in this division of what might be called "selfish interest," a division upon which Government regulators have capitalized, thus when we examine the position of retailers we find that the majority believes the Regulation is too strict or unnecessary while an important remainder favor these controls. In this latter group, we find those department stores and retailers largely inventoried with soft goods who see in the reduction of durable goods consumption a diversion to greater sales of soft goods or as an aid to their collection departments.

The Consequences of Socialization

If the liquor industry had been included in this survey, it would undoubtedly have stood 100 per cent for the conversion of hard merchandise consumption into hard wet goods consumption. Even in the attitude of the sales finance companies, there were those who favored the controls and an examination of their position would again show a short-sighted belief that such over-all controls, under certain trade conditions, would react to their individual advantage, without taking into account the consequences of socialization. At the manufacturing level, there were those who said that credit restrictions had not yet reached the production lines nor were some of them especially concerned because by the time such curtailment reaches back to the factory, there will be war order offsets.

As to the plight in which this eventuality will leave the retail distributors of their products, there was a callousness evident, characteristic of some heavy industries. Consumer credit when recognized in its true constructive identity can flourish and continue its contribution to the greater productive and consumptive capacities of this country only in an atmosphere of free enterprise. We are concerned here that the ominous threat of total war shall not serve as an everlasting vehicle for the riding over and plowing under of our system of free enterprise.

In his most recent budget message to the Congress, the President recommended still more stringent credit

controls and the members of the Senate and House Banking Committees must have placed before them economic studies and recommendations other than those originating from prejudiced Government sources if we are to have any sort of an intelligent Congressional appraisal of the issues. As to war production, under allocations and priorities of critical materials, regulation of consumer credit will again become academic as it was in the last war. As an inflationary factor, consumer credit, even if we take the government's highly watered figures, is of negligible consequences, as we have seen.

The President has said that there must be an equal sharing of the burdens and sacrifices of war. Where is the equality in the proposition that millions of American families must have their wants subordinated to other millions of families who become "favorite subjects of the court" under a regulation that must remain obnoxious to the principles of democracy. We have a legitimate quarrel over the disproportionate emphasis placed on consumer credit control long before the government finally got up its political courage to tackle wage and price controls, allocations and priorities, to face the facts of plugging tax loopholes to effect drastic reductions of non-military government expenditures and the belated measures taken to stockpile raw materials and to face up to the manpower problems.

The Road to Regimentation

Long before Korea the planners were seeking to impose their philosophy of credit control upon the American people. And in so doing, they were embarking on one more stride down the road to regimentation because, as has been said, controls only beget controls, and controls require amendments, and amendments require interpretations and then again the full cycle of *more* controls to implement the interpretations. The planners were doing the nation a great disservice in our mortal ideological struggle for the minds and the strength of the rest of the free world. They were constantly spreading their horrendous conception of the American family marching over the precipice of moral and economic bankruptcy.

In attempting to place the onus for a large part of this nation's difficulties on the alleged intemperate management of the individual family income, they forgot to tell the simple story of the contents of the American family purse. When they paraded their columns of liability figures they forgot to balance the liabilities against the assets. They forgot to tell the rest of the world whose productive lethargy and obsolescence are now our greatest defensive dilemma, that opposite the liability column of the American family there arose the asset column and that asset column contains:

The greatest reservoir of liquid savings this nation has ever amassed. These savings included $128.7 billion in bank deposits alone owned by individuals plus an additional $12 billion invested in Savings and Loan Associations.

The possession of household capital goods in the form of automobiles, electrical appliances and home furnishings on a scale inconceivable to even the second most prosperous country in the world. The paid up equity in these possessions is estimated at $14.3 billion.

An equity in the ownership of homes of unprecedented proportions. These equities in 1950 were estimated at $26.2 billion.

The ownership of U. S. Savings Bonds and Life Insurance policies in amounts that would have staggered economists of only 15 years ago. The liquid value of life insurance holdings amounted to $98 billion and *individual* holdings of government and corporate securities amounted to $243 billion of which $50 billion were U. S. Savings Bonds, $19 billion other government securities and $9 billion state and local government bonds.

The ability to carry a tax load that must contribute mightily to the survival of free men wherever they may be found on the face of the globe.

A productive dynamism that as resourceful, as imaginative, as unconquerable as it has been in the past, must and will reach still greater heights of production, more production and still more production.

They forgot to say that the American people have enjoyed the power to employ constructive credit to their own ends in a manner and on a scale that has contributed to the highest standard of living ever known to mankind and that the people have not, on the whole, abused this power, nor dissipated its potentials. The planners forgot to put the puny liabilities of the American family alongside its magnificent assets. ★★★

Text and Reference Books Published by the N. R. C. A.

Retail Credit Fundamentals, 318 pages $5.00
Retail Credit Management, 477 pages 5.00
Streamlined Letters, 464 pages 5.00
Important Steps in Retail Credit Operation, 76 pages . . 1.50
How to Write Good Credit Letters, 128 pages 2.25
Tested Credit and Collection Letters, 48 pages 2.00
The Blue Book of Credit Department Letters, 48 pages . . 1.50

★ ★ ★ ★ ★

NATIONAL RETAIL CREDIT ASSOCIATION

SHELL BUILDING **ST. LOUIS 3, MO.**

Be a Good Brick, *BUY A BRICK, TODAY!*

National Membership Activities

Roll of Honor

Here is the roll of New National Units which have been organized since June 1, 1950:

City	Date	Number
Carrollton, Texas	Aug. 19, 1950	12
Lewisville, Texas	Aug. 19, 1950	14
Salt Spring Island, B. C., Canada	Aug. 25, 1950	11
Bainbridge, Georgia	Aug. 29, 1950	26
Merced, California	Sept. 21, 1950	69
Kimberly, B. C., Canada	Nov. 8, 1950	42
Burlingame, California	Nov. 15, 1950	99
South Gate, California	Nov. 21, 1950	24
Tracy, California	Nov. 29, 1950	21
Raymond, Washington	Dec. 11, 1950	60
Kitchener, Ontario, Canada	Dec. 26, 1950	28
Renton, Washington	Jan. 3, 1951	13
San Jose, California	Jan. 3, 1951	171
Madera, California	Jan. 8, 1951	28
Ventura, California	Jan. 12, 1951	8
Palo Alto, California	Jan. 15, 1951	122

Old Associations reporting 10 or more new members since June 1, 1950, to February 19, 1951:

District		Members
1	Bridgeport, Connecticut	19
	Springfield, Massachusetts	40
	Providence, Rhode Island	21
2	Trenton, New Jersey	27
	Elmira, New York	11
	New York City, New York	84
3	Orlando, Florida	18
	Atlanta, Georgia	23
4	Johnson City, Tennessee	37
	Knoxville, Tennessee	27
	Nashville, Tennessee	11
5	Toronto, Ontario, Canada	15
	Cleveland, Ohio	17
6	Winnipeg, Manitoba, Canada	14
	Des Moines, Iowa	23
	Minneapolis, Minnesota	19
7	Wichita, Kansas	21
	Kansas City, Missouri	52
	St. Joseph, Missouri	13
	St. Louis, Missouri	29
8	Amarillo, Texas	12
	Beaumont, Texas	310
	Galveston, Texas	192
	Houston, Texas	13
	Irving, Texas	11
	Waco, Texas	108
9	Denver, Colorado	80
	Pueblo, Colorado	15
	Albuquerque, New Mexico	32
	Salt Lake City, Utah	52
10	Calgary, Alberta, Canada	89
	Edmonton, Alberta, Canada	17
	Haney, B. C., Canada	26
	Mission City, B. C., Canada	16
	Prince Rupert, B. C., Canada	37
	Vancouver, B. C., Canada	70
	Moscow, Idaho	15
	Butte, Montana	32
	Coos Bay, Oregon	10
	Portland, Oregon	63
	Longview, Washington	31
	Seattle, Washington	43
	Spokane, Washington	54
	Tacoma, Washington	27
11	Bakersfield, California	141
	Los Angeles, California	49
	Oakland, California	18
	Sacramento, California	10
	San Francisco, California	64
12	Washington, D. C.	55
	Baltimore, Maryland	60
	Silver Springs, Maryland	12
	Philadelphia, Pennsylvania	76
	Pittsburgh, Pennsylvania	141
13	Madison, Wisconsin	267

New members reported by Districts from June 1, 1950, to February 19, 1951:

District	Members
1	108
2	150
3	104
4	130
5	115
6	98
7	140
8	716
9	184
10	765
11	937
12	406
13	292
Total	4,145

District 11, California, Arizona, Nevada and Hawaii, now lead the field with District 10 second, followed closely by District 8. More will be heard from these three districts before the close of our fiscal year ending May 31, 1951. Madison, Wisconsin, recently became 100 per cent National; 267 members of the Credit Bureau were reported as National members. The Bureau Manager, N. B. Critser is to be congratulated on this progressive move. Madison is now the largest association in Wisconsin.

Seventy-Two New Members From Merced, California

The National Office has received 72 new members from Merced, California. D. E. Blauert, Manager, Merced Credit Bureau tells us that he secured these members by using the same plan adopted by Bakersfield, Calif., which was outlined in the October Credit World. The Bureau simply billed each member for a year's dues for the N.R.C.A. along with one of the monthly statements and at the same time thoroughly explained the value of a National membership in the enclosed Bulletin. Many of our Credit Bureau members are securing additional National members through the use of this plan.

Be a Good Brick, *BUY A BRICK, TODAY!*

An Excellent Newcomer Solicitation Program

MANY STORES send letters of welcome to newcomers to the community. A richer source of obtaining new charge accounts can hardly be imagined. Here are prospective customers ready to make new shopping preferences. Proffers of welcome and service are especially appreciated at such a time.

Usually one of the weaker aspects of this credit sales promotion is that the letter of welcome does not get to the customer for weeks and sometimes months after arrival. By that time, the bloom has gone from the welcome. More than likely the customer has found stores she enjoys shopping in, and has perhaps already discovered "favorite" salespeople.

Obviously, the store that gets the invitation to use credit services to the customer first gains a competitive edge.

Dean Ashby, Credit Manager, J. L. Brandeis and Sons, Omaha, Nebraska, and Past President, National Retail Credit Association, rightly believes that promptitude in sending the letter is as important as cordiality in the welcome itself. Each day he gets from the local Power Company a listing of newcomers to Omaha, and immediately sends them telegrams of welcome.

This is the telegram:

WESTERN UNION

Mrs. John J. Newcomer
737 Grand Avenue
Omaha, Nebraska

BRANDEIS—THE STORE THAT HAS EVERYTHING—INVITES YOU TO OPEN A CHARGE ACCOUNT. JUST PHONE US OR MAKE APPLICATION AT CREDIT DEPARTMENT SIXTH FLOOR. YOU WILL ENJOY USING THE CHARGA-PLATE WHICH IMPROVES SHOPPING. OUR FRIENDLY COURTEOUS SALESPEOPLE READY TO SERVE YOU ON YOUR FIRST SHOPPING TOUR.

J. L. BRANDEIS & SONS
Dean Ashby, Credit Manager

Reading this publication carefully and regularly will contribute to your success as a Credit Executive.

There is no doubt that the customer receiving the telegram will be impressed by the interest Brandeis & Sons are taking in her arrival in the city.

Soon after the telegram, a letter of welcome is sent. Enclosed with the letter are two tickets to be used at the customer's convenience in the Brandeis Cafeteria for luncheon or dinner. No limit is placed on the amount the tickets are good for. The customer is asked to sign name and address on the back. Mr. Ashby reports that better than 90 per cent of the newcomers use the tickets soon after receipt.

Also with the letter is sent a credit application blank for the customer to complete and mail or bring in. The response is reported to be highly satisfactory. A good number of desirable accounts are opened.

This is the letter:

Mrs. John J. Newcomer
737 Grand Avenue
Omaha, Nebraska

Dear Mrs. Customer:

Establishing your home in Omaha means new things to do, new places to go, new friendships to be made; of course the latter is of greatest interest. We want to be one of your first friends and to become acquainted with you.

You are invited to be our guests in our popular cafeteria, conveniently located on the Main Floor. These two tickets are yours to enjoy the fine food and pleasant atmosphere that many enjoy every day. Just write your name and address on the back of the tickets and our cashiers are authorized to accept them without any charge to you, as our guests.

Brandeis' has a sixty-eight-year-old reputation of the highest degree for serving and satisfying the people of this community. Truly, we think we are the store that everyone thinks of first when starting on a shopping tour.

Will you let us have the pleasure of assisting you in your "discovery" of our store and its many features? Our credit department personnel will enjoy showing you about. Your most convenient time will be our appointment with you.

Just fill in and mail to us the enclosed application for a charge account, so that we may have it in readiness for your use when you pay us your first visit.

Sincerely yours,
J. L. BRANDEIS & SONS
Dean Ashby
Credit Manager

Be a Good Brick, *BUY A BRICK, TODAY!*

37th Annual

International Consumer Credit Conference

Chicago, Illinois, June 25-28, 1951

Chicago Committees—Hotel Rates
Registration Blank

Chicago Committees

COMMITTEE members of the 37th Annual International Consumer Credit Conference to be held at The Stevens, Chicago, Illinois, June 25, 26, 27, and 28, 1951, are as follows:

General Chairmen:

R. G. Mihm, The Fair
J. C. Gilliland, Aldens, Inc.

Assistant General Chairmen:

J. L. Schneeberger, Bordon Company
R. B. Mitchell, Peoples Gas Company
Wayne Stokes, Marshall Field & Company

Committees

Attendance:

A. Michel, City Finance Company, *Chairman*
Miss E. Davis, Marshall Field & Company
Carl Hobbet, Credit Bureau of Cook County
R. A. Brinn, City Finance Company
J. C. Gilliland, Aldens, Inc.

Promotion and Publicity:

A. Alban, Goldblatt Brothers, *Chairman*
E. Jacobs, Erie Clothing Company
A. S. Fields, Lyttons
M. J. Hirschenbein, General Camera Company

Finance:

W. Hocker, The Stevens, *Chairman*
Jessie Novick, Lane Bryant
W. R. Hall, Cable Piano Company

Registration:

R. Hartle, M. B. Sachs, *Chairman*
P. Brownell, Wm. Gilmore & Sons
John Kemper, Marshall Field & Company
W. VanSickle, Lyon & Healy, Inc.
Miss M. L. Curran, Powells, Inc.

Entertainment:

A. B. Hunter, Rudolph Wurlitzer Company, *Chairman*
George Gersten, Mandel Brothers
C. D. Bain, Weiboldt Stores, Inc.
W. Raleigh, Carson Pirie Scott & Company

Reception:

Mabel K. Lane, Hotel Morrison, *Chairman*
Mrs. H. Clettenberg, The Fair,
Miss V. Grey, Madigan Brothers
Miss E. Hemstead, Stetson Shoes
Elizabeth Davis, Marshall Field & Company
Miss H. Cresenkamp, Mandel Brothers

Hotel Rates

Here are the hotel rates for The Stevens, our official conference hotel. All reservation requests should be directed to Dixon O'Brien, Reservation Manager.

Single room, one person—
$5.00, $5.50, $6.00, $6.50, $7 00, $7.50, $8.00, $8.50, $9.00, $10.00, $11.00

Double room with double bed, two persons—
$8.50, $9.00, $9.50, $10.00, $10.50, $11.00, $12.00, $13.00, $14.00

Double room with twin beds, two persons—
$8.50, $9 50, $10.00, $11.00, $11.50, $12.00, $12.50, $13.50, $14.00, $15.00

Suites, comprising living room and bedroom—
$18.00, $20.00, $24.00, $30.00, and up.

Registration Blank

Chicago, Illinois, June 25-28, 1951

Registration fee $15.00 for delegates and $7.50 for wives and members of the families of delegates.

Name ....

Firm ....

City and State ....

Will attend sessions of .... **Group**

Date and Time of Arrival ....

My check is enclosed for $..

Make checks payable to the Associated Retail Credit Men of Chicago and mail to Credit Bureau of Cook County, 30 East Adams Street, Chicago 3, Illinois.

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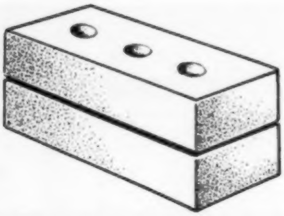
"BUY A BRICK" *News*



"Buy a Brick" Comments

"Please find enclosed our check for $5.00 to purchase five bricks toward the 'Buy a Brick' campaign for the permanent home of the N.R.C.A. This check comes from the Credit Women's Breakfast Club of Evansville and it is our hope that all your expectations for your new home will materalize."—Mrs. Clarine C. James, President, Credit Women's Breakfast Club of Evansville, Evansville, Ind.

"Enclosed you will find our check for $63.00 which is the contribution from our members for the 'Buy a Brick' campaign. We were certainly impressed with the idea for the campaign and the originator is to be congratulated. We feel sure the goal will be reached."—A. C. Bittle, Secretary-Manager, Credit Bureau of Knoxville, Knoxville, Tenn.

"Enclosed please find our check for $100.00 made up from contributions from members of the Retail Credit Association of Baltimore for your 'Buy a Brick' campaign. I sincerely hope our contribution will help in some small way to assist you in this most praiseworthy project. In addition to this check, some of our members have already mailed personal contributions. We want to thank you for permitting us to lend a hand, and our every wish is for the successful completion of this building."—J. J. Lurz, President, Retail Credit Association of Baltimore, O'Neill's, Baltimore, Md.

District 12 Heads the List

Pictured below are Howard A. Clarke, left, Pittsburgh, Pa., President of District 12, N.R.C.A., presenting to President Clarence E. Wolfinger a check for $300.00 for our "Buy a Brick" fund. The contribution, approved by the Board of Directors at its meeting on February 11, 1951, was made at the noon luncheon at the Northeastern-Mid-Atlantic Consumer Credit and Collection Conference in New York, N. Y., February 12, 1951, and represents the largest single payment to the fund. It is followed by one for $250.00 contributed by the Retail Credit Association of Kansas City, Mo., in November, 1950. At the same meeting other contributions were made as mentioned on page 17 of this issue of The Credit World.

It is anticipated that local associations from which contributions have not been received and other districts holding meetings in the future, as well as member contributions, will swell the fund substantially.

"The members of the Retail Credit Association of Minneapolis are very happy about the new home being built by the National Retail Credit Association in St. Louis. Enclosed is our check in the amount of $150.00 and we sincerely hope the 'Buy a Brick' Campaign will bring in sufficient funds so that the mortgage, if any, will be very small."—Paul E. Johnson, President, Retail Credit Association of Minneapolis, Reeves Coal and Dock Co., Minneapolis, Minn.

"We are happy to enclose our check in the amount of $50.00 as our contribution to your 'Buy a Brick' Campaign. Best wishes for a successful campaign."—Wallis G. Hocker, Secretary, Associated Retail Credit Men of Chicago, Chicago, Ill.

"At a recent board meeting of our association we voted to contribute $1.00 per member toward the 'Buy a Brick' Campaign. Enclosed is our check for $45.00 toward the building fund and it is with our sincere wishes that the campaign becomes a nationwide success."——Fred Wurster, Secretary, Retail Credit Association of Buffalo, Buffalo, New York.

"It is a pleasure to enclose our check for $50.00 as a contribution toward your building campaign. You have our best wishes for the successful conclusion of this worthy endeavor."—Nelson D. Davis, General Credit Manager, Interstate Department Stores, New York, N. Y.

"We, like Mr. Wolfinger, would like to see the National Association Construct their building mortgage free and would like to be a contributor to such a worthy fund. We are attaching a check for $25.00 for the purpose of buying 25 of those good bricks to be used in the new office building."—E. V. Price, Treasurer, Retail Credit Managers' Club, Shreveport, La.

"The enclosed $5.00 bill is the same one handed me as an attendance prize the first day of the 1950 Cincinnati Conference. I have carried it as a keepsake but feel it would be better put to use for the new National Office."—W. J. Tate, Charles Ogilvy Ltd., Ottawa, Ontario, Canada.

"Our check for $83.50 is enclosed for your 'Buy a Brick' campaign. We hope it will be of some assistance for the new office building now under contruction."—J. B. Moreland, President, Retail Credit Executives of Austin, Southern Union Gas Co., Austin, Texas.

"Enclosed find check for $25.00 for which we would like to purchase 25 bricks in the new National Headquarters of the N.R.C.A. When we are in St. Louis we shall call on you and see if you have purchased good solid bricks."—Mrs. Helen Bernardini, Winchell Hardware Co., President, Credit Women's Breakfast Club, Vallejo, Calif.

"Some people buy gold bricks and later find out they have been swindled, but I am buying two bricks of the kind that pay off in dollars year after year. Enclosed you will find my check."—Eugene L. Baxter, Secretary-Manager, Credit Bureau of Greater Fall River, Fall River, Mass. Member Quarter Century Club.

"I am enclosing our contribution in the amount of $25.00 for the 'Buy a Brick' campaign. An individual solicitation will be made at our annual meeting and no doubt we will have additional contributions to make."—J. J. Mulholland, The Montana Power Co., Treasurer, Butte Retail Credit Association, Butte, Montana.

Be a Good Brick, *BUY A BRICK, TODAY!*

"I am happy to enclose herewith $10.00 for the 'Buy a Brick' campaign now in progress for the new home of the N.R.C.A."—D. O. Warner, 210 N. Ridgeway, Greensboro, N. C. (Honorary Life Member and member of the Quarter Century Club.)

"Enclosed is our check for $109.00 along with a list of contributors to the 'Buy a Brick' building fund campaign. Several of our members have made their contributions through the Quarter Century Club group. It gives us considerable pleasure to aid the National Association in their noble effort to build a permanent home office."—Sam W. Tigner, President, Houston Retail Credit Association, Medical and Dental Service Bureau, Houston, Texas.

"We, the Kansas City Credit Women's Breakfast Club, are sending our check for $25.00 to further the 'Buy a Brick' campaign. It is an honor and a privilege to contribute to such a worthy project. We appreciate this opportunity to reciprocate in a small way for the interest the N.R.C.A. has always taken in the Credit Women's Breakfast Clubs. Our best wishes for a successful completion of your campaign."—Anna Mae Larrence, President, Credit Women's Breakfast Club, Harzfeld's, Inc., Kansas City, Mo.

"We are happy, indeed, to enclose our check in the amount of $50.00 as our contribution to the building fund. You and your staff are to be complimented for your part in the project and President Wolfinger, too, for his appealing 'Buy a Brick' approach in soliciting funds from your many friends and members. The new home of the N.R.C.A. will undoubtedly be one of beauty and convenience."—P. E. Thomas, Secretary-Treasurer, Retail Credit Association of Detroit, Detroit, Mich.

"We are happy to enclose our check for $50.00 toward your 'Buy a Brick' campaign. It is a pleasure to forward this to you in appreciation of the excellent cooperation and cordial relations we have always enjoyed and with every good wish for the future."—H. S. Darrington, Secretary, Atlanta Retail Credit Association, Atlanta, Ga.

"None but those of us who have worked as hard and as earnestly as we have know how in public service for retail credit through N.R.C.A. can experience the supreme thrill of taking advantage of this golden opportunity provided by our President, of providing a few bricks to build the N.R.C.A. in stone and concrete, as we have through our effort in the past tried to build it in spirit and stature for the benefit of all retail credit people."—Herbert Barnes, Vancouver Motors, Ltd., Vancouver, B. C., Canada.

Summary

Up to February 26, 1951, the National Office has received contributions to our "Buy a Brick" fund as follows:

Credit Associations, Credit Managers and Districts	$4,309.50
Credit Bureaus and Bureau Managers	467.00
Credit Women's Breakfast Clubs and Credit Women	444.00
Firms	391.00
Total	$5,611.50

The Associated Credit Bureaus of District One, Associated Credit Bureaus of America voted to contribute $54.00, a dollar from each credit bureau in the district. At the Northeastern-Mid-Atlantic Consumer Credit and Collection Conference, held in New York, N. Y., February 12, 1951, District Two, N.R.C.A., voted to contribute $200.00 and District Twelve, $300.00. Anonymous contributions made by delegates present, at the suggestion of Alexander Harding, President of District One, N.R.C.A., amounted to $106.00 for which Mr. Harding is to forward check to the National Office. The above contributions are not included in the total of $5,611.50.

New

Address

After March 10, 1951

National

Retail

Credit

Association

375 Jackson Avenue

St. Louis 5, Missouri

Be a Good Brick, *BUY A BRICK, TODAY!*

FOR THE SMALLER BUSINESSMAN

Sales Promotions—Office Procedures
Credit & Collection Problems

Setting Up and Controlling the Account

IN THIS SERIES of articles we have described the steps of taking credit applications and investigating them. Last month the matter of telling the customer the account is ready to use was discussed. Now we come to setting up the account on our books so that charge purchases may be properly recorded.

From our interview with the customer and review of the application, the credit limit has been established and agreed upon. The customer knows our terms. The prompt payment of accounts is largely determined by close adherence to a few basic principles. 1. Extend credit only when you are satisfied the customer has the ability and willingness to pay according to the terms. 2. Explain your credit terms carefully and clearly. 3. Send bills promptly and be sure they are accurate. 4. Start collection follow-up early. 5. Prevent overbuying. 6. Restrict credit on overdue accounts. Many habitual slow pay customers were made that way because they were not trained properly, or the merchant was careless about one or more of those fundamental "musts."

The smaller store does not require elaborate and expensive billing systems but many lack even the essential records. The United States Department of Commerce declares that "84 per cent of the merchants who fail in business do not have adequate figure information." The U.S. District Court records show that 90 per cent of the businesses that go bankrupt in that Court did not keep proper records. Whether the business is large or small, time should be spent in setting up a system for handling credit transactions, and then keeping a watchful eye on its operation.

Spindles do not take the place of a ledger. Reliance is often placed on memory, or on some overly simple system the owner believes does the work as well. A ledger is desirable. Whether that ledger is posted with pen and ink, typed, or on a regular bookkeeping machine, each transaction should find its place on it the day following purchase or cash payment, so that the merchant knows at all times the exact status of each customer's account. Sales checks should be made out at time of sale.

ACCOUNTS RECEIVABLE AGE ANALYSIS

NAME OF FIRM ____________________

MONTH OF ____________________ 19____

Name and Address	Present Balance	Current	Outstanding over 1 month	Outstanding over 2 months	Outstanding over 3 months	Outstanding over 4 months	Outstanding over 6 months	REMARKS (Or Collection Follow-Up)

In the interest of efficient credit control accounts past due more than 90 days or accounts in an overbought condition should be reported to the Credit Bureau.

Form 721—National Retail Credit Association—Saint Louis

Be a Good Brick, *BUY A BRICK, TODAY!*

Delay in making them out until a "breathing spell" comes along can cause errors and losses. Sales checks themselves should be kept under control, and each one accounted for. Insist too that sales checks be made out accurately and completely.

The major steps to be followed in setting up the account are: 1. Make sure you have the complete name and correct address of the customer. 2. Make out a sales check for every credit purchase, and a duplicate of the customer's receipt for each payment. 3. Post all items to the ledger promptly. 4. Set up a simple control system to ensure accuracy in posting and to give you correct totals. 5. Send bills promptly showing all transactions in billing period. 6. File sales checks for future reference.

Adequate credit records are also necessary to tell the merchant important facts about his business. He should know how much is owed him, how much is past due, and the current status of each account. To accomplish this, some system of *age analysis* of accounts receivable is necessary. Age analysis provides a listing, account by account, showing the months in which the unpaid amounts were purchased. The form provided by the N.R.C.A. is illustrated on the opposite page. Each account is analyzed, and entries made on the sheet showing the breakdown of the total amount owing. Then the columns are totalled thus showing the total amount owing by all the customers for the various months covered by the analysis. This age analysis is used for reference and collection work. Notes can be made opposite each customer's name of collection notices sent. Not only can the analysis be used for collection work but also as a trial balance. Another use of the age analysis is for credit sales promotion. Prompt pay customers can be encouraged to buy more.

The totals on the age analysis form tell the merchant important facts about his business. The total amount owed him is useful in deciding if he is extending too much credit or could stand some additional accounts. The detail on the age analysis can be studied for an almost unlimited number of facts. Addresses of good customers tell him where his best business is clustered. If interested in promoting credit sales, efforts are more productive when solicitation letters are directed to the residential areas in which the merchant is now most successful. On the other hand, an unusual number of slow pay accounts might be found coming from specific areas, thus offering a warning signal.

Adequate credit records permit the close control of accounts and help prevent overbuying. Authorization of current charge purchases can be made direct from the ledger, or from a simple visible card index system. On this index the name and address of the customer appears together with the credit limit and other information. The index should be kept up to date. Changes in credit limits or changes in address should be promptly recorded. If the amount owing by the customer exceeds the agreed credit limit, then either the limit should be raised or some understanding reached.

Overbuying is a main reason for slow pay accounts and bad debts. Customers easily get into debt beyond ability to pay unless they know exactly how much they can charge and the merchant insists on prompt payment. When a customer does get into an overbought condition, there is a tendency to shop elsewhere for cash and pay off the old bill only under pressure. Keeping a credit customer within the limit, and requiring prompt payment, is the surest way to gain a steady and satisfied patron. It is as easy to cultivate right habits as wrong habits on the part of customers. Customers come to respect the merchant who says what he means and means what he says. All this can best be done when accurate and complete records are maintained. Next month we shall discuss that important matter of collections. ★★★

Supplies Available from National Office

Age Analysis Blanks	$ 8.50	Per 1,000
Credit Application Blanks	7.00	Per 1,000
Good Things of Life on Credit (Educational Booklet)	15.00	Per 1,000
Educational Blotters (For Credit Bureau Distribution)	9.00	Per 1,000
Stickers and Inserts	3.00	Per 1,000
Guarantee and Waiver Forms	4.00	Per 1,000
Civil Relief Act Waiver Forms	4.00	Per 1,000
CREDIT WORLD Binders	2.50	each
N.R.C.A. Electros	.75	each
N.R.C.A. Membership Signs	.75	each
Better Letters Service (12 issues)	25.00	
Pay Promptly Advertising Campaign (18 mats) .	2.50	each

★ ★ ★ ★ ★

NATIONAL RETAIL CREDIT ASSOCIATION

SHELL BUILDING **ST. LOUIS 3, MO.**

CREDIT FLASHES

J. C. Rayson

J. C. Rayson, 54, Secretary-Manager, Tulsa Retail Merchants Association, Tulsa, Okla., died from a heart attack, February 3, 1951, after a brief illness. He had long been active in the retail credit field and was largely responsible for developing the Tulsa Credit Bureau into one of the most efficient in the southwest. He was secretary of the Tulsa Retail Credit Association for many years and a loyal member of the National Retail Credit Association. He was a regular attendant at our annual conferences. A native of Eudora, Kansas, he is survived by his widow and a son Bill Rayson, Assistant Manager of Retail Merchants Association, to whom we extend our deepest sympathy.

Mrs. Ursula Craven Blackstone

Mrs. Ursula Craven Blackstone, the "grand old lady of Ross Township" as she was known to her friends, died January 31, 1951 in Pittsburgh, Penn. She was the mother of Col. Franklin Blackstone, a past president of the N.R.C.A. If she had lived until May twenty-seventh of this year she would have been 101 years old. To Col. Blackstone, his three brothers and five sisters, we extend our deep sympathy.

Regulation W Violation

A release from the Federal Reserve Bank of Chicago informs us that a judgment was obtained, February 2, 1951, in the United States District Court at Madison, Wisconsin, enjoining Roy's Appliance Company, a copartnership with stores located at Beloit and Janesville, Wisc., from further violations of Regulation W. The defendants, through their attorneys, consented to the entry of the judgment. The Regulation provides for the instalment financing of certain listed articles, including electrical appliances, shall not be extended without obtaining a down payment on the amount prescribed by the Regulation. In the case of electrical appliances, the present terms of the Regulation require a down payment of not less than 25 per cent of the cash price of the appliances and the balance must be paid within 15 months. In this case the defendants had violated the Regulation by not obtaining the required down payment in a number of its sales.

Courtney Townsend Taylor Apprehended

An Associated Press dispatch tells us that Courtney Townsend Taylor, one of the FBI's 10 most wanted men, was arrested in Mobile, Alabama, February 16, 1951. The FBI said that Taylor had cashed more than $88,000.00 worth of bad checks during the past seven years. He was caught on a tip supplied by Phillip Gabriel, owner of a Mobile Jewelry Store. He recognized him when he bought a $15.00 necklace and cashed a $63.00 check drawn on the Prince Albert Division of the R. J. Reynolds Tobacco Co. A wanted notice on Taylor was included in our January 1951 CREDIT WORLD.

Coming District Meetings

District Three (Florida, Georgia, North Carolina and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi and Tennessee) will hold a joint annual meeting in Chattanooga, Tennessee, April 8, 9, 10 and 11, 1951.

District Five (Ohio, Michigan, Ontario, Canada, and Kentucky) and **District Thirteen** (Illinois, Indiana, and Wisconsin, except Superior) will hold a joint annual meeting in conjunction with the 37th Annual International Consumer Credit Conference of the N.R.C.A. at the Stevens Hotel, Chicago, Illinois, June 25, 26, 27 and 28, 1951.

District Seven (Arkansas, Kansas, Missouri and Oklahoma) will hold its annual meeting at the Mayo Hotel, Tulsa, Oklahoma, March 11, 12 and 13, 1951.

District Eight (Texas) will hold its annual meeting in Galveston, Texas, May 20, 21 and 22, 1951.

District Nine (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting at the Plains Hotel, Cheyenne, Wyoming, May 6, 7 and 8, 1951.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) will hold its annual meeting at the Multnomah Hotel, Portland, Oregon, May 19, 20, 21 and 22, 1951.

District Eleven (Arizona, California, Nevada and Hawaii) will hold its annual meeting in Palm Springs, California, April 22, 23 and 24, 1951.

CMD to Meet in April

The 18th Annual Convention of the Credit Management Division of the National Retail Dry Goods Association will meet at The Brown Hotel, Louisville, Kentucky, April 17, 18 and 19, 1951.

1949 CREDIT WORLD Microfilmed

The 1949 edition of The CREDIT WORLD has been microfilmed by University Microfilms, 313 North First Street, Ann Arbor, Michigan. Copies may be purchased at $1.50. Write to University Microfilms and ask for "190 Credit World, v. 26, 1949."

Help Wanted

Young woman, 25-40, interested in training for manager of credit bureau in the Southeast. Good pay during training period. Give age, education, experience, present salary, marital status, etc. Box 3512, The CREDIT WORLD.

Position Wanted

Credit Manager, 44, married, heavy credit and collection experience, conventional and cycle billing, would like connection with medium or large volume store. Available immediately. Box 3511, The CREDIT WORLD.

Be a Good Brick, *BUY A BRICK, TODAY!*

Decatur, Illinois

The new officers of the Decatur Retail Credit Association, Decatur, Ill., are: President, G. Lorenz Miller, Attorney; Vice President, Mrs. Beatrice Nolen, Nolen Motor Co.; Treasurer, Mrs. Velladean Collins, B. B. Burns Co.; and Secretary, Josephine Shaffer, Credit Bureau of Decatur.

Annual Banquet at Spokane

The 40th Annual Banquet of the Spokane Retail Credit Association, Spokane, Washington, was held at the Davenport Hotel, January 18, 1951. The Association took advantage of the affair to honor all of its past presidents. Out of the 28 living, 19 were present. Each one was awarded a desk set engraved with his name and the year he served as president of the association. The presentation was made by N. M. MacLeod, Secretary of the Association. Shown in the picture on the left below are the past presidents who received the awards. Reading left to right, bottom row: R. T. Schatz, 1940; John Busby, 1945; J. Don Morissey, 1942; T. J. Fahay, 1943; Harry E. Jones, 1948; Lee S. Libby, 1918; Elmer W. Rongren, 1949; Jack Pengelly, 1947; and John W. Perry, 1946. Top row, left to right: Marquis Curry, 1941; J. W. Hunt, 1934; J. D. Hartup, 1950; Sam C. Haddock, 1939; F. L. Croteau, 1936; Brian B. Kennedy, 1935; Harley J. Boyle, 1926; E. K. Barnes, 1931; E. L. Rowles, 1937; and Thomas McCormick, 1923. Three former presidents of the National Retail Credit Association, all Spokane men, were present, Ralph W. Watson, E. K. Barnes and Richard T. Schatz.

The picture on the right below shows J. D. Hartup on the left turning the gavel over to Neil S. Davis, newly elected president of the Association. Other officers installed at the meeting were: Vice President, Robert Sturdevant, The Crescent; Treasurer, Edwin F. Brandt, Old National Bank; Secretary, N. M. MacLeod, Credit Bureau of Spokane; and Assistant Secretary, Melvin T. Warrick, The Credit Bureau. Directors: Robert Clark, George R. Dodson, Inc.; John Bye, Brown-Johnson Co.; Margaret Reed, Davenport Sport Shop; Ray Willoughby, Buchanan Chevrolet Co.; Forest Hardin, Spokane & Eastern Bank; and J. D. Hartup, Standard Oil Company of California.

The Spokane Association, in its 40th year, has grown from a membership of 12 to 839 and is the third largest in the United States, exceeded only by New York and Pittsburgh.

Amendment to Regulation W

The Board of Governors of the Federal Reserve System has adopted Amendment No. 2 to Regulation W effective February 26, 1951. The amendment exempts from the down payment and monthly payment requirements of Regulation W certain short-term, nonrenewable leases which neither extend beyond three months nor involve a delivery in connection with subsequent leasing or sale arrangements.

Regulation W, as reissued by the Board of Governors effective September 18, 1950, prescribes down payment and monthly payment requirements for leasing arrangements, instalment sales, and other instalment financing. The amendment follows:

Section 7 of Regulation W is hereby amended by adding, at the end thereof after the present subsection (k), a new subsection (l) reading as follows:

(l) Certain Temporary Rentals—Any contract or similar arrangement for the rental, leasing or bailment of a listed article for a specified period of not more than three months if (1) the transaction is to be terminated, and the article returned to the registrant, on or before the expiration of the specified period, and (2) the transaction is not renewable and does not directly or indirectly relate to or involve any subsequent lease, use of, or other interest in, the article or any similar article.

Beaumont Credit Executives Honored

At the regular business session of the Retail Credit Grantors, held in Beaumont, Texas, February 23, 1951, Mrs. Stella Manning, Credit Manager, The Fashion, and James Pritchett, Credit Manager, The Whitehouse, were presented with certificates of membership in the Quarter Century Club of the National Retail Credit Association, for their 25 years of service in the field of credit and affiliation with the National Association. Presentation was made by Erwin Singleton, Manager, The Retail Merchants Association of Beaumont.

Edward P. Simmons

Edward P. Simmons, President, Sanger Brothers, Dallas, Texas, died suddenly February 18, 1951. He was born in Bardstown, Ky., and moved to Louisville when he was 10 years old. He had been with department stores in Louisville, Terre Haute, Ind., and Kansas City, Mo. He came to Dallas in 1926 as Vice President of Sanger Brothers. Since that time he had helped in the reorganization of the store and taken a great part in Dallas civic enterprise.

CREDIT DEPARTMENT Letters

LEONARD BERRY

OPERATING a retail business these days is far from easy. Controls and restrictions throw unaccustomed restraints around us. Managers of credit sales, anxious to increase volume, find themselves wondering what is the best course to follow. There is no doubt but that credit controls are limiting many customers in the purchase of needed goods. Merchandise shortages in some lines have the same depressing effect on sales. This combination of sales barriers should cause credit sales promoters to step-up programs for getting new customers and additional volume from every possible source.

Spring, with its emphasis on new wearing apparel and furnishings for the home, is one of the most productive periods in the year for credit sales campaigns. Now especially is the time for the closest cooperation between publicity, merchandising and credit executives, so that fullest advantage may be taken of linking credit offerings with merchandise events. Multiple sales of household items, as well as complete apparel ensembles, are more possible when credit facilities permit spread of payment over several months.

Solicitation letters meet with readier acceptance when specific merchandise opportunities are mentioned. Credit is a tool to get more and larger sales, and never more so than when large seasonal purchases are being contemplated.

Many credit managers, both in large and small stores, tend to channel credit sales promotions along traditional patterns. Having had success with new account promotions directed at certain occupational or residential groups, they continue firing at the same targets.

Significant facts brought out through recent Federal Reserve Board research should cause us to re-examine our fixed beliefs and cherished ideas about so-called credit worthy classifications of customers. Sweeping changes in distribution of income have occurred in the past ten years. What we formerly fondly regarded as the "carriage trade" has all but disappeared. Those select and exclusive groups called by many credit managers the "cream of the crop" from whom we relied for steady and sizeable purchases have no longer the buying power they used to enjoy.

Perhaps we should consider dropping our sights when setting up or buying lists of charge and instalment prospects. It is probably true that many stores, regardless of volume or nature, could easily reach into categories of credit prospects not hitherto deemed good risks with good results.

According to the Federal Reserve Board Bulletin, approximately four out of every ten American families have \$5,000 more in assets than in liabilities. For nearly one in ten, the figure is at least \$25,000. Moreover, this impressive \$5,000 surplus is found widely distributed through all income groups. These estimates of net worth reflect the inflation of capital values and the huge volume of personal saving in the war and postwar periods. The survey goes on to point out that approximately half of all consumer spending units were found to be completely without debt. Here is an important fact for credit granters to know; consumers without debt were relatively most numerous among lower income groups.

Income gains, both dollar and real, have been made generally in the labor groups, while a decline in buying power has occurred in the professional and white collar groups. This should hold significance for credit granters. Not that the traditional groups from which we have drawn our credit prospects are no longer desirable; of course they are. However, most certainly we should broaden our solicitation field to include those groups now earning more money, and hence potential buyers of our higher-priced and better goods.

In fact, this economic shake-up offers alert credit granters valuable opportunities to encourage patronage of whole new segments of the population. Help them to make new shopping allegiances. Retail credit is so firmly entrenched as a way of living it is unlikely that it will be regulated out of existence. However, so much publicity has been given to Government regulation of credit that we should seek every opportunity to tell the public that credit is still very much available. The many advantages of having a good credit standing, and of using credit facilities, should be constantly stressed. Even though, currently, sales are soaring, the adding of new names to the charge account and installment credit list is essential. Should business dip, established friends will be valuable.

This Month's Illustrations →

Illustration No. 1. This fine letter used by Namm's, Brooklyn, New York, brings in the idea of "inventory" of old friends. Their absence from the active list causes this invitation to resume use of the account.

Illustration No. 2. Reynolds-Penland Company, Dallas, Texas, also ties in the Spring season and new merchandise with the convenience and helpfulness of being able to "Charge it." Specific mention of famous names in merchandise adds power to the letter.

Illustration No. 3. The satisfactory budget plan account offers abundant credit sales promotion possibilities. The Emporium, San Francisco, California, takes full advantage of the customer's "open to buy" position.

Illustration No. 4. Blank statements, indicating inactivity, provide an effective medium for pointing out specific services available. Garland's, St. Louis, Mo., here makes a bid for fur storage business. ***

Be a Good Brick, *BUY A BRICK, TODAY!*

Namm's Inc. 452 FULTON ST. BROOKLYN 1, N.Y.

TRiangle 5-6700

February 15, 1951

(1)

Mrs. Charles B. Johnson
[illegible] Fifth Avenue
Brooklyn, New York

Dear Mrs. Johnson:

As you know, every store takes an inventory of merchandise at the start of a new year. But we, at Namm's, like to take an "inventory" of our old friends as well, and we've noticed that considerable time has elapsed since you last visited our store.

However, we should like to remind you about our thrilling selection of Easter fashions and accessories for the entire family. Perhaps it's a new suit, or a new hat. But whatever you hope to have to look your Easter best, you'll find it here.

Needless to say, your Namm's Charge Account is still open and ready for immediate use.

We have enjoyed being of service to you in the past, and we extend to you a sincere invitation to make use of your account again. If you have lost your Charga-Plate, please inquire at our Credit Office for a new one.

We do hope you'll visit us soon again.

Cordially,

Vice-President

Reynolds-Penland COMPANY

1524-26 MAIN ST. Dallas

Spring 1951

(2)

Mr. John A. Doe
0000 Main Street
Dallas, Texas

Dear Mr. Doe:

Spring for Sale!

Sounds BALMY, but it's true - one look at our windows, in our shelves, or on our racks will convince you.

New colorful spring fabrics made into stylish suits by Rogers-Peet, Hannonton Park, and our own famous Renwood; fine quality furnishings; Bostonian shoes of the latest styles and spring color combinations; and, to top it all, a handsome Dobbs spring hat.

"Charge it" is all that will be required, for your account is well established and waiting for your charge. Your needs will receive personal, friendly, and prompt attention.

It will be a real pleasure to serve you.

Yours very truly,

REYNOLDS PENLAND COMPANY

Credit Manager.

The Emporium

(3)

February 15, 1951

Mrs. Richard Robinson
900 Long View Heights
San Francisco, California

Dear Mrs. Robinson:

So you will know how much we enjoy doing business with you, please feel free to add to your budget account before it is paid in full.

This is our way of saying "Thank You" for the prompt payments you are making on your present account. Although your account is not yet paid in full, you may add to it right now if you wish.

Whether it is wearing apparel, useful and attractive things for your home, or any other interesting new merchandise, you may make your selection and it will be completed in our Fifth Floor Credit Office without delay or red tape.

Please do not hesitate to use the excellent credit you have established with us. You may be sure it will be a pleasure to help you in any way we can.

Cordially,

Credit Sales Manager

TELEPHONE MAIN 1770

Garland's 410 NORTH SIXTH STREET, ST. LOUIS 1

Mrs. John J. Jamison
000 Lindell Boulevard
St. Louis, Missouri

(4)

AMOUNT $

PLEASE DETACH AND ENCLOSE WITH YOUR REMITTANCE. THANK YOU.

THIS BILL COVERS ALL TRANSACTIONS THROUGH THE BILLING DATE BELOW. ORIGINAL SALES CHECKS AND CREDIT SLIPS ARE ATTACHED FOR YOUR CONVENIENCE.

PAYMENTS MADE, MERCHANDISE RETURNED OR OTHER TRANSACTIONS AFTER THE BILLING DATE WILL BE SHOWN ON NEXT MONTH'S STATEMENT.

PAYMENT IS DUE WITHIN 10 DAYS AFTER BILLING DATE.

PREVIOUS BALANCE	PURCHASES	RETURNS	PAYMENTS	BILLING DATE	NO. OF ITEMS	BALANCE DUE

not a statement . . .
just a reminder that
your furs deserve our care.

PLEASE RETAIN ENCLOSED SALES CHECKS UNTIL BILL HAS BEEN PAID.
PRESENT SALES CHECK AND THIS BILL WHEN INQUIRING ABOUT ANY ITEM.

THOMAS W. GARLAND, INC.
ST. LOUIS 1, MISSOURI

Collection Scoreboard

Compiled by the Research Division

January, 1951 . . . . January, 1950

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1951			1950			1951			1950			1951			1950			1951			1950		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	42.2	44.3	38.0	—	—	—	41.9	47.7	34.1
Baltimore, Md.	—	—	—	46.4	50.8	39.3	—	—	—	19.5	28.3	13.6	—	—	—	45.6	50.8	41.6	—	—	—	42.2	47.4	37.0
Birmingham, Ala.	46.8	58.1	40.0	46.1	53.6	39.5	18.2	22.4	15.0	18.5	24.7	15.1	43.1	50.9	34.0	37.1	44.2	30.0	48.9	52.1	45.9	48.1	51.5	42.1
Boston, Mass.	55.5	60.0	51.0	54.2	58.4	50.0	18.2	18.3	18.1	19.8	20.2	19.5	—	71.0	—	—	78.6	—	69.6	75.8	63.4	67.0	71.8	62.3
Cedar Rapids, Ia.	55.5	60.0	51.0	54.2	58.4	50.0	18.2	18.3	18.1	19.8	20.2	19.5		71.0			78.6		69.6	75.8	63.4	67.0	71.8	62.3
Cincinnati, Ohio	54.6	62.7	49.0	56.0	62.5	48.8	17.0	25.0	12.9	17.3	32.0	12.6	63.8	69.1	58.5	64.6	70.3	58.9	54.8	59.1	50.6	54.1	56.6	51.7
Cleveland, Ohio	50.4	58.1	42.0	51.2	58.9	41.1	24.6	26.9	21.7	22.4	26.2	20.1	40.1	40.4	39.8	44.4	48.8	40.1	61.8	82.7	40.9	64.3	84.0	42.9
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	51.3	59.5	40.0	49.6	54.2	34.5	20.5	21.1	18.4	18.8	21.9	13.6	53.1	59.5	46.8	49.0	53.3	44.7	53.1	59.5	46.8	49.0	53.3	44.7
Des Moines, Ia.	—	—	—	—	—	—	—	17.6	—	—	12.8	—	66.6	57.5	48.4	61.7	54.1	46.6	—	56.0	—	—	53.2	—
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	—	51.6	—	51.0	58.6	41.4	—	12.0	—	14.7	18.2	11.3	62.1	70.3	52.5	59.5	67.2	51.3	62.1	70.3	52.5	59.5	67.2	51.3
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	—	—	—	48.8	59.4	44.7	—	—	—	16.4	18.6	12.9	—	—	—	62.7	76.1	49.2	—	—	—	52.2	72.4	44.0
Louisville, Ky.	58.4	76.6	46.2	51.6	60.5	43.1	15.4	18.4	12.6	16.7	20.5	13.2	44.1	42.9	40.0	45.1	49.3	41.2	48.8	57.7	44.1	50.8	60.0	44.1
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	48.2	60.3	45.2	54.9	55.5	48.5	17.8	18.4	17.2	17.6	17.9	17.3	57.8	62.8	42.8	50.9	59.5	42.4	69.0	71.0	46.4	67.0	73.5	44.8
Minneapolis, Minn.	55.6	59.4	50.0	54.1	58.3	46.2	23.7	25.1	22.1	22.9	23.8	21.7	61.1	61.1	61.1	63.2	65.1	61.4	56.2	60.8	53.2	57.8	71.1	48.1
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	48.8	55.6	38.4	46.8	52.4	34.3	20.3	25.4	18.1	20.0	26.0	15.7	52.2	53.6	50.8	51.1	52.5	49.7	57.3	65.1	49.5	55.2	58.7	51.7
Oakland, Calif.	49.9	54.3	42.9	51.9	53.1	46.3	17.2	19.0	14.5	17.2	18.8	10.5	55.0	54.9	54.8	58.9	60.3	57.6	52.1	59.5	44.8	52.9	54.9	50.9
Omaha, Neb.	—	50.1	—	58.7	69.3	48.2	—	19.1	—	—	17.6	—	—	49.9	—	53.4	56.5	50.7	52.6	58.8	56.5	54.8	55.4	54.2
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	49.4	52.8	41.9	44.4	49.2	39.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	53.2	54.4	50.9	53.6	56.5	51.1	21.2	24.6	17.4	17.9	20.7	16.7	49.9	54.4	40.8	44.9	53.5	36.3	52.1	54.6	48.4	51.0	52.9	49.3
Salt Lake City, Utah	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
San Francisco, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	64.4	70.4	62.0	65.8	70.1	62.0	59.4	62.2	56.1	58.0	64.7	49.6	—	—	—	—	—	—	65.7	74.0	59.6	64.8	73.1	57.4
Sioux City, Ia.	—	—	—	—	55.6	—	—	—	—	—	19.2	—	51.2	58.5	44.0	—	61.0	—	62.7	65.5	60.0	—	62.5	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	56.3	62.8	49.7	57.2	60.8	53.6	26.4	27.3	25.5	22.0	23.9	20.1	—	68.7	—	—	60.6	—	—	52.0	—	—	50.2	—
Toledo, Ohio	40.0	40.1	39.9	48.9	50.0	45.3	21.0	23.5	13.8	20.0	20.1	14.7	61.5	66.3	51.3	58.9	66.4	50.0	—	47.1	—	45.1	48.5	41.7
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	—	—	—	44.1	52.1	36.6	—	—	—	17.1	22.0	12.7	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	46.6	50.9	42.4	52.4	55.1	49.8	32.0	32.5	31.6	29.1	30.0	28.3	52.5	57.1	48.0	57.0	57.0	57.0	—	—	—	—	—	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	—	—	—	48.9	55.1	43.3	—	—	—	28.3	30.0	19.7	—	—	—	57.0	58.6	44.8	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	52.8	58.5	47.1	—	—	—	19.3	21.3	17.4	—	—	—	—	—	—	—	—	—	—	—	—

INSTALMENT ACCOUNTS outstanding at department stores were up 6 per cent in December, a month in which larger increases are usual. At the end of the month these balances were 29 per cent above the amount outstanding on the corresponding date of 1949. Collections on instalment accounts increased 6 per cent during the month and when related to first-of-month accounts receivable yielded a ratio of 18 per cent, one point higher than for the preceding month. Charge accounts receivable at department stores increased in December at about the same rate as in the corresponding month of 1949. At the end of 1950 this type of indebtedness was approximately 10 per cent above the amount outstanding a year earlier. Collections on charge accounts showed a slight increase over those in the preceding month and were 5 per cent larger than in December 1949. The rate at which charge accounts were being repaid slackened somewhat more at the close of 1950 than a year earlier. Department store sales of each type showed somewhat more than the customary seasonal expansion in December. The volume of instalment sales increased 38 per cent following two months of contraseasonal declines. Cash sales were up 56 per cent and charge-account transactions 47 per cent from November to December. In comparison with the year-ago volume all types of sales showed only slight increases in December 1950.—Federal Reserve Board.

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Current Business Conditions

BUSINESS ACTIVITY has continued to hold up well at record levels, with very little change during the first month of the year. The major sustaining influences include not only the very large volume of consumer buying but also the ever-increasing amounts of government orders for war materials and equipment. Variations among different industries and sections of the country are about the same as they have been in recent months. For the most part, industrial regions are making a better showing than the agricultural sections, but there are striking exceptions.

The total volume of business is running about 20 per cent higher than it was a year ago. A large part of that increase represents the higher price level, but a substantial portion is due to increases in the physical quantities of goods being turned out. Another significant trend is indicated by the fact that the increase in factory output has been greater than even the large gains in consumer buying. The result has been rising inventories, especially those held by manufacturers. The recent changes also reflect the fact that increasing percentages of industrial output are military supplies rather than civilian goods.

The LaSalle Map this month shows two major areas in which business activity has made the greatest gains over a year ago. One is the industrial region around the Great Lakes, both in the United States and Canada. The exceptionally high rate of operations in the steel industry, in the manufacture of automobiles, and in the output of heavy machinery accounts for the large volume of business in this territory. Indications are that business there will be relatively better than in other parts of the country during the next few months.

The other major area in which business is exceptionally good is the agricultural region of some parts of the Middle West and the South West. Not only have crops been large but prices have risen, also. The prices of livestock have gained more than those of most other groups, and areas in which the raising of livestock is predominant have made larger gains than have those in which other forms of farming are more prevalent. The large volume of crude oil production has also been a factor in keeping business activity high in some parts of the South West.

Business volume has gained more than the national average in some parts of the Pacific Northwest and also in the South. Winter travel has been much higher than last year, especially in Florida and Arizona. In spite of unfavorable weather, crops of winter vegetables have been large, and prices are higher.

Business has been lagging in some parts of the country, although the areas are relatively small. Even in these places, however, activity is higher than it was last year, and indications are that it will continue to be good. In the New England states gains have been small. Also in much of the South East, business has been making a relatively poorer showing than in other parts of the country. Some of these smaller gains over last year are due to the fact that activity was then much ahead of other parts of the country.

In Canada, the volume of industry and trade has been gradually rising, and it is also at a postwar peak. The rise has been somewhat more gradual than in the United States, but some of that difference represents the smaller decline which took place in Canada when business activity was falling off in 1949. Trends have been most favorable in industrial output, although crops have been larger, and prices of farm products are showing some improvement over the lower levels of a few months ago. Large consumer demand, as well as demand from abroad, is helping to sustain industrial production as well as trade. This trend is likely to continue.—*Business Bulletin*, La Salle Extension University, Chicago, Ill.

Consumer Credit

CONSUMER INSTALMENT credit outstanding rose 174 million dollars in December to a total of about 13.5 billion at the month-end. The December increase was less than half that a year earlier. The average monthly increase during the last quarter of 1950 was 45 million dollars compared with a monthly average of 413 million in the preceding quarter and 330 million in the last quarter of 1949. In December, and in the fourth quarter of 1950 as a whole, automobile instalment sale credit declined slightly, compared with increases in the corresponding periods of 1949. Other sale credit and loan credit outstanding increased only moderately in December and in the fourth quarter of 1950 compared with more substantial increases a year earlier. Noninstalment consumer credit outstanding increased 516 million dollars during December, due almost entirely to a seasonal expansion in charge-account indebtedness. During the fourth quarter charge accounts increased at a monthly average rate of 162 million dollars compared with 262 million in the corresponding period of 1949. Total consumer credit at the end of 1950 is estimated at about 20.1 billion dollars, nearly 3.3 billion greater than a year earlier. This increase compares with yearly gains of about 2.5 billion in 1948 and 1949, and about 3.1 billion in 1946 and 1947.—Federal Reserve Board.

Retail Furniture Report

SALES AT RETAIL furniture stores showed slightly more than the customary sharp seasonal expansion in December following a month of moderate declines. Instalment sales in December rose 37 per cent, somewhat more than in other recent years, but continued below those of a year earlier. Cash and charge-account sales were up 48 per cent and 29 per cent, respectively, from the preceding month, bringing the total sales volume near that of December, 1949. Instalment accounts outstanding increased 6 per cent in December, a period in which more substantial gains are usual. Collections on instalment accounts were slightly larger than in November and when related to December 1 outstandings resulted in a collection ratio of 11 per cent, one point higher than in the preceding month. After four consecutive months of inventory accumulation, dealers' stocks were drawn down 6 per cent in December. This reduction, however, was not sufficient to offset earlier accumulations and at the end of the month inventories were 34 per cent larger than in December, 1949. At the current rate of sale stocks on hand amounted to less than 4 months' supply, compared with approximately 5 months' supply a month earlier and less than three months' supply in December, 1949.—Federal Reserve Board.

Consumer Instalment Loans

CONSUMER INSTALMENT loans outstanding at the principal types of lending institutions showed an over-all December rise of 51 million dollars, a smaller increase than usually occurs in December. At the end of the month, total balances reached an estimated 4,536 million, a gain of more than 800 million during the year. Loan volume increased 21 per cent from November to December, and rose slightly above the December level of 1949.—Federal Reserve Board.

Retail Instalment Credit at Furniture and Household Appliance Stores

INSTALMENT ACCOUNTS receivable at furniture and household appliance stores increased in December at a somewhat slower rate than is usual at this time of the year. At the end of 1950, however, both furniture and household appliance store balances were still well above the amount outstanding a year earlier. Collections on instalment accounts outstanding at furniture stores rose slightly in December and, when compared with accounts receivable on the first of the month, resulted in a collection ratio of 11 per cent, one point higher than for November. Collections on instalment accounts of household appliance stores showed little change from November to December and the collection ratio remained at 10 per cent.—Federal Reserve Board.

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Items of Interest From the Nation's Capital

HAROLD L. SCHILZ, Counsel, National Retail Credit Association, Washington, D.C.

Legislative Committee Meeting at Washington

TWO RESOLUTIONS of important interest to the membership of this Association were adopted and released for public attention at the February 9, 1951 meeting of the Legislative Committee. The first, relating to the trend of credit control under Regulation W, has been forwarded to the Secretary of The Board of Governors of the Federal Reserve System, and reads as follows:

"The Legislative Committee of the National Retail Credit Association, representing approximately 29,000 retailers of the nation, discussed the action of the Federal Board within recent months in connection with Regulation W.

"The Committee was of the unanimous opinion that the controls of essential materials needed for defense purposes, and the absorption of such materials into armaments, will result in a scarcity of merchandise which would normally flow into retail channels; and that this scarcity will curtail buying. It therefore recommends to the Federal Reserve Board that there be no further amendment of Regulation W of a character which would result in tightening or curtailing credit terms and credit sales."

The second, relating to the desire of retail establishments for increased efficiency on the part of the Post Office Department, reads as follows:

"The Legislative Committee of the National Retail Credit Association, representing approximately 29,000 retailers, has noted that fundamental economies recommended for the Post-office Department have not been achieved, and that it is continuing to incur deficits.

"In connection with the increase in postal rates this Committee urged that the Congress and the Postal Department be called upon to effect the economies that would result from effective reorganization of that Department and act to materially reduce postal expenditures."

The meeting considered the steps that had been taken in cooperation with the Retail Industry Task Committee. Both President Clarence Wolfinger, who is a member of the Task Committee and L. S. Crowder, General Manager-Treasurer of the Association, were of the opinion that the Committee had been effective and had received good cooperation from industry groups. W. J. Chenney, Executive Director of the Retail Credit Institute, who is secretary of the Task Committee was also present and discussed the work and objectives of the Committee.

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

Observance of the Consent Decree

Until such time as the Consent Decree and its accompanying Stipulation are modified by order of Court, they remain the law, with respect to the subjects covered by them, for the government of the operations of the credit reporting activities of members of this Association. The following is written for the purpose of refreshing the recollections of the older members of the Association as to the provisions of the Decree and Stipulation, and to inform the new members about the same.

The Decree and Stipulation should be looked at from the standpoint of the background under which they were entered. At that time, unlike the present, the credit bureaus operated directly under the central co-ordination of National Retail Credit Association. Complaints had been made to the Department of Justice of the United States by certain non-member credit reporting agencies to the effect they were unable to obtain credit information from all or a majority of the principal retail stores and others in their communities possessing information concerning consumer creditors. The information given the government was to the effect that this was done because these stores had organized or had a financial interest in the credit bureau in their community which was a member of the national association and that they treated this credit bureau as the only one through whom they would do business. The government at that time possessed information and evidence that non-member credit bureau agencies in other localities were required by the store and other members to obtain their credit reports and credit information through the member credit bureau of the community in which such stores were located. Those non-members, either stores or credit bureaus who requested such information would be referred to a list of the credit bureaus belonging to the national association which bore the highly descriptive title of "Red Roster" (Petition, Par. 35). At that time also the national association had in effect two rules for its Service Department, which was then the operating unit in charge of credit bureaus, which required member credit bureaus to do business only through each other and which apparently limited the membership to about one credit bureau in the community unless the first member therein should approve the application of the second.

The strictures in the Decree upon the refusal of credit granter members, that is, stores and the like, to furnish

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credit information in respect to direct inquiries for the same came about in an effort to prevent any further conduct which might have a tendency to create any one area as the exclusive territory of a member bureau of the national association for credit reporting purposes. At that time the government felt that it was necessary and desirable to preserve competition in this field and that to do so, measures needed to be taken which would prevent what seemed to be in actual effect a boycott against non-member credit reporting agencies by the membership of the credit bureaus belonging to the national association. This was done by requiring the national association to cancel out the rules above described, by a prohibition against the publication or listing of persons who were seeking to buy or obtain credit information from members of the Association in any way other than the previous practices above described, from designating any particular locality as the *exclusive* credit reporting territory of a member bureau of the Association, and from activities in refusing to supply credit information which could be construed as treating a particular member bureau as the credit bureau having the *exclusive* right to patronage from the individual members of the Association in any particular community or territory.

Afterward the continuance of some of these practices caused the government to file a contempt proceeding, and in an effort to further assure non-member credit reporting agencies from any concerted interference with their credit reporting activities by members of the Association, a Stipulation was entered which provided that (1) the individual members of the Association, that is stores and the like, would not be part of any *agreement* or *understanding* that they would refuse to answer "direct inquiries," and (2) that the credit bureaus would not refuse to serve non-member credit agencies. This second step of the Stipulation did provide that a merchant-owned credit bureau could charge a different price to the public for credit reports than to its own member stores, and that the price to the public could also be charged to non-member credit agencies.

Successors of the Association

The present-day members of the Association are interested in this Decree for the reason that it ran against the successors of the Association which existed at the time it was entered in 1933, even though this Association today does not directly engage in or handle the operations of credit bureaus. In other words, if you are a member of a credit bureau in your locality which in turn is a member of Associated Credit Bureaus of America, Inc., you are bound by the provisions of the Decree inasmuch as the government can trace the successorship of ACB of A to the credit reporting activities of the former National Retail Credit Association.

You will note that there is no compulsion on the stores to answer direct inquiries for credit information or credit reports. The problem with which they are confronted under this Decree is simply that of keeping their skirts free of any agreement with other stores or with the credit bureau members of the Association to refuse to furnish credit information in their possession to others. I believe the government recognized then and still recognizes that a store may individually have problems which would cause it to determine to refuse to supply credit information in its possession to anyone, or to any except a given credit bureau, or to a few sources and not others. These reasons might involve matters of economy of operation, or jeopardy to a store that would result from derogatory information falling into irresponsible hands.

THE IMPORTANT PROBLEM THAT CONFRONTS THE CREDIT EXECUTIVES OF EACH STORE MEMBER OF THIS ASSOCIATION UNDER THIS DECREE IS THAT THEIR RESPECTIVE ACTION WITH REGARD TO ANSWERING OR REFUSING TO ANSWER CREDIT INQUIRIES IS DETERMINED ON THEIR OWN INDIVIDUAL INITIATIVE AND NOT AS A RESULT OF CONSULTATION WITH OTHER MEMBERS OF THE ASSOCIATION OR WITH CREDIT BUREAU MANAGERS. This involves a problem from this standpoint: The fact that the members of the Association are bound under the provisions of a Decree places an added burden on them which they must overcome *if the treatment of requests for credit information gives the appearance of a concerted agreement or understanding* existing in any particular community. But on the other hand, if a credit executive of a store acts in good faith, without consultation with others, in determining what his store's policy is to be as to the matter of answering or refusing to answer direct inquiries, he would stand before all the world with clean hands, and such good faith is all that is necessary to overcome any attack made either in the Department of Justice or in the Courts.

To put it another way: you cannot do jointly what you may do singly about these direct inquiries, and if by your explanations to those seeking information directly you make statements that can be twisted into an explanation of joint agreement on this course of action, then you have unfortunately acted against your own interest, and perhaps injured others as well as yourself. ***

(*Editor's Note:*—The Consent Decree, referred to in this article by Mr. Schilz, does not in any way affect our members in Canada.)

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NATIONAL RETAIL CREDIT ASSOCIATION
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LOCAL ASSOCIATION *Activities*

Renton, Washington

At the annual meeting of the Renton Retail Credit Association, Renton, Washington, the following officers and directors were elected: President, Earl Stafford, White-Pope; Vice President, William Hazlett, Williams & Swanson; and Secretary, Joseph Madison, Renton, Credit Bureau. Directors: Orrin Moody, First National Bank of Renton; Wes Storey, Peoples National Bank of Washington; Chris Brewer, Magnuson Furniture Co.; Floyd Hughes, Renton Clothing Co.; and James Ashley, Bennett-Goodman Furniture Co.

San Jose, California

The new officers for 1951 of the San Jose, Calif., chapter of the N.R.C.A., are: President, Charles S. Gallagher, Farmers Union Hardware, Vice President, June A. Elder, Ferguson Music House; and Secretary-Treasurer, Norrie Waddington, Hale's. Directors: Win Johnson, Pacific Gas & Electric; Louise Knoeppel, Spring's; Alice Nelson, Marcus, The Furrier; and Angeline Rizio, Appleton's.

Windsor, Ontario, Canada

The Credit Granters Association of Windsor, Windsor, Ontario, Canada, have elected the following officers and directors for the coming year: President, J. E. Herage, C. H. Smith Co. Ltd.; Vice President, Virginia Mathoney, Henry Birks & Sons Ltd.; and Secretary-Treasurer, H. M. Beattie, Windsor Credit Bureau Ltd. Directors: Joyce Washbrook, Bear Cat Battery & Tire Service; Lloyd Lavery, Webster Motors Ltd.; Norman Belleperche, Baum & Brody Ltd.; M. Eisen, Budget Financing Ltd.; and Alec Milne, Windsor Gas Co. Ltd.

Everett, Washington

The new officers and directors of the Associated Retail Credit Managers of Everett, Everett, Wash., are: President, William Kellog, H. O. Seiffert Co.; Vice President, Harry Williams, Sears, Roebuck & Co.; and Secretary-Treasurer, Helen B. Sawyers, Credit Bureau of Snohomish County. Directors: Selma Nelson, Miller's; and Anna Edwards, Chester Beard Shoes.

Bridgeport, Connecticut

At the organizational meeting of the Retail Credit Association of Bridgeport, Bridgeport, Conn., the following officers and directors were elected: President, Harry Glunts, Leavitt Co.; Vice President, Sidney Hoffman, Michael Hoffman Fuel Co.; Treasurer, Paul S. Newton, Bridgeport Peoples Savings Bank; and Secretary, Walter H. Kerr, Bridgeport Credit Rating Bureau. Directors: Joseph Lederer, Lederer, Inc.; and G. Wesley Hubbell, City Savings Bank.

Spartanburg, South Carolina

The Associated Credit Managers of Spartanburg, Spartanburg, South Carolina, have elected the following officers and directors for 1951: President, Robert L. Handell, First Federal Savings & Loan Assn.; First Vice President, Jim Reeves, Devoe-Reynolds Paint Co.; Second Vice President, Claude A. Sherrill, Foremost Dairies; Treasurer, Mrs. Alice Guthrie, Kosch & Gray; and Secretary, Perry Slaughter, Credit Bureau of Spartanburg. Directors: Luther Boswell, Citizens & Southern National Bank; Floyd Alley, Hall & Co.; and Charles E. Evans, Aug. W. Smith Co.

Washington, D. C.

Samuel E. Collegeman, Credit Manager, S. Kann Sons Co., was re-elected President, The Credit Bureau, Washington, D. C. (Formerly Associated Retail Men of Washington.) Also re-elected were: E. M. Arthur, Woodward & Lothrop, as Vice President; and John K. Althaus as Secretary-Treasurer. Directors include: Harry N. Aiken, Grosner's; Leo Baum, The Goldenberg Co.; Benjamin Blanken, Chas. Schwartz & Son; Abe Coonin, William Hahn & Co.; Edward A. Henkel, Raleigh Haberdasher; Elsie M. Lee, Frank R. Jelleff, Inc.; Roscoe W. Reichard, The Hecht Co.; J. P. Stedehouder, Lansburgh & Bro.; and Ben Stein, Bensons Jewelry Co.

Johnson City, Tennessee

At the annual meeting of the Associated Credit Managers of Johnson City, Johnson City, Tenn., the following officers and directors were elected: President, Morrell Lacy, Hannah's, Inc.; First Vice President, John Masengill, Masengill's; Second Vice President, W. F. Fine, Sterchi Bros.; and Secretary-Manager, Frank K. Edmonds, Credit Bureau of Johnson City. Directors: R. N. Dosser, Dosser Bros.; Mack Boyer, The Peoples Bank, Mrs. Helen Morely, Paty Lumber Co.; F. B. Hannah, Hannah's, Inc.; Harry Whitehouse, King's, Inc.; L. O. Hale, Tennessee Motor Co.; T. E. Mullins, Mullins Hardware; and W. F. Shurtz, Pet Dairy Products Corp.

Youngstown, Ohio

The newly elected officers and directors of the Retail Credit Association of Youngstown, Youngstown, Ohio, are: President, Ralph B. Folsom, The Ohio Edison Co.; First Vice President, Harold W. Vandersall, Bond Stores, Inc.; Second Vice President, O. L. Newman, Public Loan Corp.; Secretary, Naomi Murray, The Printz Co.; and Treasurer, Nell Y. Carr, The Strouss-Hirshberg Co. Directors: Al Altier, Youngstown Tent & Awning Co.; Jeanette Featsent, Klivans Jewelry Co.; Helen Stanyard, Isaly Dairy Co.; George R. Bannon, Ohio Finance Co.; Paul E. Gains, E. E. Emery Co.; Mary B. Herald, Medical-Dental Bureau; and Stanley Sylak, Hume's.

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In the NEWS

AMERICANS SPENT $3,495 million in 1948 keeping themselves clean, well groomed and pretty, the Census Bureau reported recently. That amounts to about $24.00 for every man, woman and child. Most of the money went to laundries, cleaners and beauty shops.

★ ★ ★

IN A PRE-CHRISTMAS penny crisis, the Federal Reserve Bank of New York found its vaults so low on pennies it was forced to ration district banks to 50 per cent of normal penny orders. Less normal use of pennies today is believed to inspire many people to empty their pockets of the troublesome coins at night by dumping them in junior's piggy bank.

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NEW YORK GEM dealers have reported phenomenal business in big diamonds from inflation hedgers.

★ ★ ★

THE UPWARD TREND of state tax legislation continued almost unabated in 1950 as new sources for revenue were studied and old taxes increased, according to the 1950 State Tax Annual Review published by the Commerce Clearing House. While 1950 was an off-year for tax legislation in most states, revenue demands were so insistent that gasoline, beer and cigarette taxes were increased in some states. No new sales taxes were enacted, but Mississippi and Texas increased sales tax rates on automobiles.

★ ★ ★

THE AVERAGE LIFE expectancy of a white male at birth has increased 17 years since the turn of the century. This is an increase of three years in the past decade, according to an analysis of longevity trends by the National Industrial Conference Board. Similarly, since 1900 there has been an increase of about 20 years in the life expectancy of white females at birth and of four years since 1940.

★ ★ ★

MORE AMERICANS now own their homes than rent. There are more than 22 million home-owning families in America. This is twice as many as in 1940.

★ ★ ★

ABOUT ONE OUT of every two World War II veterans has received educational or job aid from the government. The cost has been about $12 billion or an average of $1,500.00 for each veteran helped.

★ ★ ★

RECENT SURVEYS show that now women do 55 per cent of the buying, men about 30 per cent and children 4 per cent. Man and wife shopping together account for about 11 per cent of purchases for the home.

★ ★ ★

TAKE AWAY the protection of the Credit Bureau and you will find the bad risks sally forth in all their glory. Repeated instances of firms which have sought to increase volume and eliminate credit expense by letting down the bars and opening accounts without Credit Bureau reports have shown that they incurred terrific losses.

★ ★ ★

FORTY PER CENT of the American spending units, families who pool their incomes to meet major expenses, have a new worth of more than $5,000.00, according to calculations of the National Industrial Conference Board. The net worth is the excess of assets over debts. Of every 100 family units, eight are worth more than $25,000.00; 32, $5,000.00 to $25,000.00; 23, $1,000.00 to $5,000.00; 27, under $1,000.00, and eight have more debts than assets. The status of the remaining two families is unascertainable.

★ ★ ★

THE FEDERAL SOCIAL security system was broadened during 1950 to include at the start of 1951, ten million workers, among them the self-employed, and farm and domestic workers. The 1.5 per cent rate, which became effective at the beginning of 1950, was continued for another three years. But the limit on taxable wages was increased from $3,000.00 to $3,600.00, beginning in 1951.

★ ★ ★

IF YOU HAVE doubled your income since 1940 and your present income is more than $12,000.00 a year, you actually have less purchasing power than you did 10 years ago. If your doubled income is less than $12,000.00, you have only a very small additional purchasing power compared with 1940. If you were making $4,000.00 a year in 1940, unless you are making $7,394.00 a year now, you actually have less purchasing power than you did 10 years ago according to the National Industrial Conference Board.

★ ★ ★

STATISTICS SHOW that individuals who owe other stores and are approved for credit at new stores, charge twice as much merchandise and cause twice as heavy losses as people who pay promptly. In other words, when an individual, who has neither the willingness nor the ability to pay, gets a chance, he takes advantage of it.

★ ★ ★

CREDIT RESTRICTIONS or not, consumers expect to buy millions of appliances and other durable goods in the next year, Macfadden Publications' Wage Earner Forum reports. Leading items are television sets, sewing machines, houses, refrigerators and automobiles although price resistance is shown toward television sets and housing.

★ ★ ★

THE J. L. HUDSON Co., Detroit, Mich., will inaugurate a cycle billing program about March 1. Approximately $150,000 will be spent on equipment. The store has been on cycle mailing since September, 1947. In setting up the new system, Hudson's will transfer by hand its history balances. Customers will, hereafter, receive their original sales checks with their statements.

★ ★ ★

"RETAIL CREDIT—Behind the Scenes," a 30-minute filmstrip and commentary which has been used in many credit bureaus and credit schools, has been issued by City College of New York School of Business. Written and directed by the Retail Credit Practice Unit of the school, the filmstrip was prepared with the active cooperation of the Credit Bureau of Greater New York and several metropolitan stores. Action photographs show the mechanics of the charge account systems and procedures. The filmstrip and commentary sell for $10.00.

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National Retail Credit Association

Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America

Granting Credit in Canada

C. B. FLEMINGTON . . Canadian Correspondent

You and Your Customers Are Partners

R. J. DART, *Assistant Credit Manager,* Canadian Industries Ltd., Toronto, Ontario, Canada

YOU AS A credit man and your customer are partners. That is a broad statement for a credit man to make perhaps, but theoretically, it should be so. It seems to me, if credit men would keep this fact before them, many of the problems with which they are faced could be dealt with in a more practical way, resulting in a better understanding between the customer and the person responsible for the granting of credit. You as a credit man are being approached every day for credit. What you are actually doing is investing your company's money for a term definite, the profit on the sale being the return on your investment. Develop this thought as a basis and many of the problems with which you are faced will be overcome.

Granting Credit to Marginal Accounts

All of you have been asked to grant a substantial amount of credit to an apparently marginal account. Perhaps this is the first sale. You are associating yourself with the business as a partner for a definite period by investing credit. First, you must decide that the "theoretical partnership" is sound in order to return you a profit on your investment. You know the amount you have been asked to invest; it is more important to know what your "partner customer" has invested in his business. This information is usually available to us through credit reports; however, if you are still not satisfied that the information is complete, do not hesitate to approach your customer. Remember you must and have a right to this information. Occasionally, you will find a customer who objects to giving you too many facts. Let me suggest to you that any sound business will stand investigation. Let us suppose you have been asked to approve an order amounting to $3,000. You are not able to obtain sufficient information through mercantile reports to justify such an amount of credit. Approach your customer in this manner:

"You have asked us to invest $3,000 in your business for 30 days. The profit we make on the sale is the return on our investment. If we are willing to invest $3,000, tell us what your investment is."

Your customer will understand your reasoning, and you should be able to obtain the information required without difficulty.

If you, as an individual, were joining an actual partnership, you would make a systematic examination of the business before investing your money, in order to assure yourself that it was solvent and a reasonable return would be made on your investment. You would determine the reputation of the partners, whether they were capable and the capacity of the business. You would scrutinize the most recent statement and decide, perhaps among other things, if the several insurances carried were sufficient. Have you the right to be less cautious in the investment of your company's money in the granting of credit? Let me raise this one question. How much fire insurance do the small businessmen carry whose accounts on your books range from $1,000 to $3,000? Suppose the hardware business you have been carrying was burned out overnight, how safe would your account be? Did you ever suggest they carry more fire insurance? Here is an actual extract from a report. "He was given a set-back by the fire which occurred in ______, having purchased quite heavily for the fall and Christmas trade. As already stated he met with a loss of $10,000 over and above the insurance carried." Because this man did not carry more insurance, he and his creditors have suffered ever since.

Credit men are too often content to assess a company's business, and either approve or disapprove the amount of credit required, from the trade clearing report on the account. Do not think for a moment that I do not consider trade clearing reports of importance. On the contrary, I think they are of inestimable value in assessing a company's credit worthiness. It is essential to bear in mind that we may know the entire paying record and still know very little about a company. It is not infrequent that we, as credit men, provide the liquid asset in the form of credit while our customer provides ability, employees, buildings and equipment. I should like to emphasize then that it is necessary to really know the accounts with whom we do business. How may we know our customers better? You may get to know your customer in a vicarious way by reading mercantile reports, trade reports, etc., or by a direct personal contact May I suggest to you that nothing can replace the latter.

You Are More than a Supplier to Your Customer

Sell the idea to your customer that you are more than a supplier, you are his partner. Make him feel that you have given him more than credit on 30-day terms. You have a continuous, fluctuating investment in his business. You are an important partner. After we get to know our customer, it is important to find out what others know about him. Most of you depend on the banks, supplier references, mercantile reports, trade groups, etc., for this information. It is extremely important that you also know the attitude of other suppliers toward your customers, especially those which you consider to be marginal or poor accounts. Remember these other suppliers are partners in the business, too, and they are just as anxious to guard their investment.

In an actual partnership, when one of the partners withdraws and his interest in the business is purchased by the remaining partners, the new partnership often experiences a temporary financial struggle because of the actual reduction in capital. Similarly, when a supplier reduces

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the amount of credit he is willing to grant, or if further credit is refused, the business must find another supplier willing to sell on credit or the business must lean more heavily on the other suppliers. I wonder if we analyze fully the trade clearing reports that pass over our desks. How many suppliers are selling to a certain business for cash? In other words, how many "supplier partners" are leaning on your investment of credit? How many accounts of other suppliers on the trade clearing report show amounts overdue, and how many are paid promptly? Keep in mind that those who are paid promptly are leaning on those whose accounts are overdue. There is a definite reason for this condition. Do you, as a partner, know the reason?

Just as a partnership depends on the support and cooperation of each partner, so a business often depends on the support of its creditors. Do not forget that you are deriving a profit on your investment. Are you as a supplier cooperating with your customer? Are you able to assist and offer advice on certain problems? Do you suggest ways in which his investment and yours might be better protected? You and I should be our customer's partner in the fullest sense of the word. I know of a credit man whose firm has a substantial investment in a business in the form of an overdue account. The business is a reasonably good one, but due to a series of misfortunes, there is the possibility of a bankruptcy. Perhaps many credit men would say, "What about my account, pay me by a certain date or else." The owner of the business also has a substantial investment in the form of plant, machinery, formulas, etc. Both the credit man and the owner are working as partners and the credit man is successfully contacting those who will invest new capital in the business. What will be the result? The money invested in the business will be saved, and when I say "money invested," I mean that of the owner of the business and of all creditors. I am confident that with cooperation of this kind the business will survive.

Disinterest on Part of Many Credit Men

I am suggesting to you that many businesses stumble along today because of the apparent disinterest on the part of many credit men whose firms have an investment in these businesses. I concede that there are some who will not let us cooperate with them, and will turn a deaf ear to any advice offered. When this attitude is evident, we should take definite steps to protect our investment.

Because you and the other creditors have an investment in the form of credit in a business, it follows that the partnership link reaches from supplier to supplier. For this reason, I feel credit men should cooperate, to the fullest extent, in the exchange of credit information. If we are willing to act together, the job that we are trying to do will become easier. Many a business has been wrecked because a single creditor has acted too hastily alone. Before you act, remember you are only one of many partners.

This brings me to the last point that I would like to make. The job of the credit man is a great deal more important than in the approval or disapproval of orders. His range of thinking should go far beyond that. Our learning never ceases and our work is never done. Let us ever seek to follow sound business practices. Above all, let us remember that we are all partners together.★★★

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